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17 APRIL 1987

# East Europe Report

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17 APRIL 1987

## EAST EUROPE REPORT

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## JANAK SPEAKS ON RESTRUCTURING

AU041057 Bratislava PRAVDA in Slovak 26 Feb 87 pp 1, 3

["Excerpt from Speech" given by Ignac Janak, CPCZ Central Committee Presidium candidate member and leading secretary of the West Slovak Regional Committee of the Slovak Communist Party, at rally in honor of the 39th anniversary of February 1948, held in Bratislava on 25 February.]

[Excerpts] We are commemorating the 39th anniversary of the February Victory in a year when all progressive mankind is preparing to celebrate the 70th anniversary of the Great October Socialist Revolution, Ignac Janak said. The ideas of October, of Leninism, have deeply affected our own development.

Both in the past and at present, the CPSU's experience has always been an invaluable, rich source on which to draw for our party's work. We are not isolating ourselves from the experience of other fraternal parties in the socialist and nonsocialist world: we are making use of everything that helps our society rise to a substantially higher level, and consolidates the citizens' certainties in life, and the nations' and nationalities' positions of equal rights.

The implementation of the legacy left us by the February Victory was neither rectilinear, nor easy. We always sought the best roads and means--and we paved an unexplored road on which both mistakes and tragic errors occurred. But our Communist Party uncovered them in time and made a great effort to rectify and overcome the accumulated shortcomings. This has helped the party and society to rise to new activity, to a new upsurge.

The experience we gained in fighting socialism's enemies is summed up in the document Lessons From the Critical Development in the Party and Society After the 13th CPCZ Congress, which is lastingly valid for our development.

However, there are people who would like us to forget the lessons, claiming that this document has ceased to be topical. They falsely declare that the changes we are currently striving to achieve in our society--on the initiative and under the leadership of the Communist Party--are identical to the changes they were trying to implement in 1963. They go so far as to even want to stick their label on the restructuring process which is being carried out by the CPSU, in the hope of camouflaging their antisocialist activity in this way.

But we know that in the past their voices led--and are leading today--to the disruption of socialism. The CPSU is fighting to strengthen socialism, to comprehensively develop it, to generously implement its broad democracy. This is the path also followed by the CPCZ--the path which also finds full support and understanding in our country.

The aim pursued by the CPCZ and the CPSU is to achieve the growth of socialism, to develop its merits, to consolidate the unity and strength of the socialist community.

The Soviet people, implementing the legacy of October, are currently concentrating on ensuring the scientifically substantiated strategy of accelerating economic and social development, as formulated by the 27th CPSU Congress. Our Soviet friends are restructuring all aspects of social life, in the interest of creating a reliable and efficient mechanism which would speed up the economic and social development of Soviet society.

The enthusiasm and determination with which Soviet Communists and the Soviet people want to imbue socialism with the most modern forms of social organization, and to make maximum use of the humanitarian nature of the socialist system in all its decisive aspects--which, Gorbachev stated, is the final aim of restructuring--are not only a lesson for us, but also a great incentive.

Our party and our entire society have become convinced that it is no longer sufficient to merely improve or correct this or that, but that it has become necessary to change things in a really Leninist manner--not by words, but by decisive deeds, as corresponds to the spirit of the times and to our revolutionary traditions.

On the basis of an analysis of the state of our society, the 17th CPCZ Congress formulated the strategy of accelerating our economic and social development, and set the course toward improving our social and political system, particularly by deepening socialist democracy and by enhancing the people's participation in management.

Experience acquired to date in implementing the congress resolution shows that this is an exacting and complicated process. But we must cope with it, we must accomplish tasks consistently, thus proving our loyalty to the legacy of February 1948.

In order to consistently ensure the strategy of acceleration on the basis of the congress resolution, our Communist Party, inspired by the CPSU, is now working out and adopting measures for adjusting the management of economic and social development to present conditions and to long-term development needs. This is also the purpose of the Principles of Restructuring the Economic Mechanism. They proceed from unchangeable values and from the foundations of socialist ownership of production means; they are aimed at consolidating this ownership and at preventing any and all elements that are alien to socialism from penetrating its mechanism. The main thing is to make the economic mechanism operate more efficiently and make the advantages of the socialist economy more apparent, and thus succeed in better satisfying the needs of each person and of all people.

At the same time, it must be stressed that to relinquish old, mostly administrative-centralist ideas and to go over mainly to economic management methods (using such instruments as total economic accountability [khozaschet], self-financing, and self-administration), does not mean withdrawing from socialist principles--it means implementing them.

We will achieve the necessary successes only if, as in February 1948, we transplant the revolutionary enthusiasm and effort into the current struggle to achieve a change in thought and action.

As in February 1948, our Communist Party's strategic line proceeds from its firm ties with the people--from faith in our working people's talents and creative power.

For years bourgeois anticommunist propaganda has been trying to persuade the world that the cold war in our international relations started in February 1948. It is generally known that as far back as 1946 the Western imperialist states in particular started openly setting up various military groupings against the Soviet Union in an effort to slow down and stifle the emerging free and democratic world by their various machinations.

Today we realize more than ever that they have not given up this goal to this very day. Today they are using other methods and approaches in an endeavor to attribute aggression, lack of democratism, and violations of human rights to our socialist system.

Comrade Ignac Janak concluded his speech by stressing that respect for the generation of revolutionaries who paved their way to February, respect for those who remained loyal to its legacy and whose devoted work had achieved the magnificent feat of socialism, commits us to develop creative energy to accomplish the revolutionary tasks of the present--the tasks of making our entire life more dynamic.

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CSO: 2400/198

## ROHLICEK ARTICLE VIEWS ECONOMIC RESTRUCTURING

LD191350 Prague CTK in English 1308 GMT 19 Mar 87

[Text] Prague, 19 Mar (CTK)--Restructuring the economic mechanism means changing the quality of production relations between the participants in the re-production process, first Czechoslovak Deputy Premier Rudol Rohlicek said in an article carried by the latest issue of the weekly for ideology and politics TRIBUNA.

Improvement in the management system so far concerned only indices, methodical procedures, the technique of management, etc. But not at all production relations. Restructuring will therefore be a difficult process of changes affecting certain agencies, organizations and collectives, and simply, people: their interests and relationships, Rudolf Rohlicek said.

He stressed that a new intensive development cannot be started without solving the conflicts between rationality and bureaucracy, and added that the relation between central management and enterprises was one of the most important aspects of the restructuring of the economic mechanism.

"What we many times call centralism is actually bureaucracy. The center interferes in too many questions either unnecessarily or under the pressure of need," he said, adding the aim is that the centre should concentrate on fundamental matters which cannot be solved anywhere else.

The deputy premier said the second aspect of raising the quality of central management is the strengthening of the independence and powers of the enterprises. This is integrally linked with applying the khozraschet [cost-accounting system] to the fullest.

The primary task characterizing the principles of restructuring the economic mechanism is to focus this mechanism on solving social questions, on making sure that the program of social development, Rudolf Rohlicek said.

He added that enough scope must be created for boosting initiative and for development of democracy, for man, as a social being, to be able to develop as a live, organic and decisive part of the economy.

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## READERS' BRIEFING ON RESTRUCTURING CONTINUED

AU201157 [Editorial Report] Bratislava PRAVDA in Slovak on 24 February and 2 March 1987 carries on page 3 of both issues the second and third installments of replies given by Deputy Minister Jaromir Matejka, secretary of the Government Committee on Issues of the Planned Management of the National Economy, to RUDE PRAVO and PRAVDA readers, entitled "On the Principles of Restructuring the Economic Mechanism." Each part is approximately 3,500 words in length.

Part two published on 24 February is preceded by an introductory passage referring to part one and citing 15 readers' questions. It begins by reverting to a question asked by Jan Kaspar about the workers' role in restructuring the economic mechanism. In his reply Matejka stresses that the "working people must creatively participate in promoting efficient organization and effective intra-enterprise management, and in bringing economic accountability (Khozraschet) down to the working collectives."

A reader asks how the implementation of the new policy is to be ensured without the mass of regulations which in the past frustrated certain progressive plans. According to Matejka, regulations should not be augmented by diverse interpretations; and the role of generally valid legal regulations should be strengthened.

Asked about the difference between the new principles for restructuring the economic mechanism and the economic model for 1968, Matejka states that the two "differ in all essential features which determine their overall character." The 1968 system, he says, was aimed at a nonregulated division of social resources, so that some enterprises became richer and the state became poorer; whereas the new system is aimed at creating objective, just conditions for planning and assessing the organizations' results, for sorting out good and bad economies in enterprises and collectives, for selecting promising changes in the structure of production, and for ensuring reliable social control over the reproduction under socialist ownership.

Matejka points out that supply and demand must be balanced, that consumers must be offered a sufficient variety of products from domestic and foreign producers from which to choose, that the economic competition of organizations must be tightened up and undesirable monopolist tendencies in production limited, and that the organizations' right to engage in business activities must be expanded and the role of domestic trade enhanced.

The various dues and charges that affect the real rate of exchange of the koruna will be gradually eliminated, Matejka goes on to say, so as to make it more realistic and to achieve convertibility of our currency regulated by the state. Asked whether public catering enterprises will be able to pursue their own economic ideas, Matejka says that "These principles have not yet been worked out in such detail," but these enterprises "will obviously not receive any binding indicators except for remittances to the state budget, norms for determining wages, and economic accountability (Khozraschet) funding."

Asked about the party's role within the framework of the new economic mechanism, Matejka says that the document on restructuring has been prepared under the leadership of top party and government agencies and that the new economic mechanism can be "comprehensively, securely, and consistently realized solely under the party's leadership and through the control of all its agencies, organizations, and members."

Speaking about price restructuring, Matejka notes that it will not affect the retail trade and the cost of living; however, he notes, it should help make the economy more dynamic and balanced by affecting wholesale and procurement prices, and thus stabilize retail prices and raise living standards.

Asked about the meaning of "the justified social certainties of the working people," Matejka says this applied to wages in accordance with valid regulations, to employment contracts, to social achievements such as health care, pensions, annual leave, working hours, the right to education, maternity benefits, and the right to get a job, all of which must not be disrupted. However, he points out, the mobile wage components will depend on an organization's economic results. Speaking about consumer protection, against rising prices, especially with regard to pensioners, Matejka notes that the new principles should stabilize the general level of retail prices, particularly those of essentials, and if it becomes economically essential to raise them, measures will be taken to prevent increases in living costs.

To a question on possible mismanagement in the economy due to a gap between production and top management agencies, Matejka replies by pointing out that the new principles define the responsibilities and economic incentives for both. Concerning the full operation of the new economic mechanism, Matejka says that it will be comprehensively implemented in practice within the next 2-3 years, but that the restructured economic mechanism will start full operation only after the intensification of the economy is completed. Asked about the impact of higher deductions from wages on prices, Matejka says that the higher deductions must be compensated by a lower proportion of profit in prices.

The last question in Part Two deals with the possibility of reassessing the document "Increasing the Economic Effectiveness of the Wages System." Matejka says that this possibility exists, since the document is based on the new principles which point out that it is expedient to let organizations handle the selection of most of the mobile wage components and also of the method of applying them.



Part Three, published on 2 March, states in the introductory passage that RUDE PRAVO and PRAVDA have received 247 queries from readers within the set deadlines. This part carries replies to 16 questions, the first of which is: "Is one dependent on adopting certain elements of the Soviet economic restructuring and on implementing them within the framework of our own restructuring?"

According to Matejka, most basic principles and certain elements of restructuring are "either concordant or very close" in both countries. He replies to a reader asking: "Is one also considering the possibility of electing managers in our country?" By pointing out that "so far no official decision has been taken with regard to this issue. The views of Czechoslovak management experts still differ greatly in this." Asked whether the style and methods of cadre work will change "like in the USSR," Matejka says that the practical implementation of the new principles will place higher demands on the executive staff's political and professional standards and that the ability to lead employees according to the new principles "will become one of the most important criteria in the selection of executive cadres."

To a question about changes in employees' qualifications due to restructuring, Matejka replies that no detailed solutions have been worked out to date. Asked about the organizations' right to cross the line separating individual production sectors, Matejka says that this is justified if circumstances demand it. To a question on the restructuring of prices, he says that they must significantly contribute toward bringing domestic and world prices closer in line. However, he adds, "to have world prices means that one must first have a world correlation of labor productivity."

Replying to another reader, Matejka says that average wages will not be regulated, even if the volume of wages at the disposal of an enterprise continues to be regulated by norms; wages will be increased, and will differ based on merit, because of increased per capita labor productivity and manpower savings. In addition, he says wage norms will be valid for a whole quinquennium. Organizational--that is to say, management--structures in all spheres and on all levels of economic management will be rationalized.

Matejka expresses the conviction that the awareness of the masses does not contradict the independence of enterprises, and that collectives and individuals should be encouraged to engage in activities which are in keeping with society's interests.

With regard to business activities carried out with a permit from the local national committee, Matejka says that the restructuring principles proceed from the consistent utilization of all possibilities on the basis of the resolution adopted by the CPCZ Central Committee in 1982 on the development of services.

The next questions deal with the self-financing of enterprises and with the financing of enterprises involved in the new comprehensive experiment: according to Matejka, all independent economic organizations also have equal rights in their access to resources; and their full economic accountability entitles them to set up funds, including a "risk fund for possible trade

activities." Involvement in the experiment is not limited, Matejka goes on to say, and further organizations can join it, so as to test the new elements of the economic mechanism.

Matejka then deals with the analysis of instructions issued by central agencies in addition to the generally valid regulations, saying that this will be done in several stages. A general analysis will be made by the end of 1987, he states, and then the key legal norms for national economic planning and so forth will be amended in the period 1988-89. The amendment stage will be followed by a final sorting out of unnecessary regulations.

In order to avoid creating rich and poor enterprises due to restructuring, one will have to achieve a certain "balance of economic conditions" of the organizations by comprehensively restructuring wholesale prices, reassessing the production assets of organizations, and providing "consolidation programs" for organizations working at a loss, Matejka explains.

Asked about the impact of restructuring on the CSSR's currency planning, Matejka says that the decisive demands on currency development must be part of the overall state plan, that the creation of material resources in the economy and the basic structure for their use must correspond both to the development of loans and to the purchasing power of organizations, citizens, and the state itself. "The specific solving of these matters will be the object of further work," Matejka concludes.

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## FOJTIK DELIVERS SPEECH AT VARNSDORF RALLY

AU122017 Bratislava PRAVDA in Slovak 4 Mar 87 p 2

["From the Speech by Comrade Jan Fojtik, candidate member of the Presidium and secretary of the CPCZ Central Committee, at a "Rally of the working people of Varnsdorf and Decin District" held in Varnsdorf on 3 March to mark the 40th anniversary of the "Varnsdorf general strike," which forced the local court to revoke its decision to return the Varnsdorf weaving mill, confiscated after World War II as German property, to private hands]

[Excerpts] The period of building socialism and gradually reinforcing its foundations, its socioeconomic base, and its cultural values represents an epoch of almost 4 decades.

It has undoubtedly been far more difficult and complicated than we thought at the beginning. It has not been free of tragic sacrifices, serious errors, and we even had to overcome the difficult period of a deep crisis in the life of the Communist Party and society at large. However, a cursory glimpse at overall developments during this revolutionary period suffices to make apparent the great advancement achieved in all walks of society's life, the most conclusive expression of which are the multiple growth of industrial and agricultural output, of construction, and transportation and the multifaceted cultural development. The creation of material and cultural values provides the basis for the people's relatively high living standards, their confidence in the future, and a generous social policy.

We can rightly take pride in the results of the building of socialism. They persuasively demonstrate the viability and prospects of socialism and its undeniable merits.

At present we are proceeding from these results in implementing the program that was adopted by the 17th CPCZ Congress a year ago. The gist of this program is the strategy of accelerating the country's socioeconomic development. It is no secret that this strategy was worked out under the influence of the inspiration provided by the new course of the CPSU. It reflects our sense of responsibility for the future of socialism and our profound understanding of its role in the present world, a world that is threatened by the attempts of the reactionary forces of imperialism to take revenge for the revolutionary changes that occurred of the nation's own will in the postwar period. Socialism is the main force capable of safeguarding social progress in the world and

forcing the imperialists to respect peaceful relations among nations. It is the main force capable of defying militarism and those who expose mankind to the danger of a nuclear war.

The CSSR is an important segment of the socialist community and it is aware of its obligations in the historic struggle for social progress and peace. Therefore, we must not neglect anything that is decisive for the dynamic unfolding of socialism, for the further enhancement of its material and cultural potentials, for the irreversibility of its development, and the growth of its prestige.

The program of the 17th CPCZ Congress conforms with what the times call for. While appreciating all our positive achievements to date, it calls upon us to take a critical look at the reality, to reconsider previous methods of work as well as many ideas upheld so far, and to focus attention on sectors in which shortcomings have piled up. After all, it must be in our own interest to eliminate shortcomings of any sort as energetically as possible, thus making the way free for the attainment of a higher qualitative state in our society, for the upgrading of socialism, for the fullest possible utilization of the vast potentials of socialism which are hidden mostly in the scientific management of society and in its democratic nature.

What matters most at present is the ability to boldly and creatively solve the problems with which we are faced by the times, to solve them with the people and for the people.

The most complicated yet most important issues, issues that require expeditious solution, are those connected with assimilating the latest results of the scientific-technological revolution, with bringing about the shift from extensive national economic development to intensive development, a turn that has been required for a long time. In other words, these are issues connected with production based on labor productivity that is on a par with labor productivity in the states that are most advanced economically and that is aimed at the quality of products, at meeting the steadily growing needs of society. What we do not need is production for the sake of plan fulfillment that fills storehouses with unsalable articles.

It is thus no coincidence, J. Fojtik went on to say, that we pay such attention to restructuring the economic mechanism, to improving planning and economic management, to exerting pressure so as to achieve great efficiency and cost-effectiveness and the rational utilization of raw materials, machinery, and manpower.

In spite of the fact that in these efforts each country of our socialist community proceeds in these efforts in harmony with its specific conditions and different level of development, the goal that we all pursue is the same--the strengthening of socialism, both in each individual country and in the community as a whole, its further dynamic development.

Of course, our enemies, who do not miss an opportunity to stir up mud, would like to generate some uncertainty. The changes that we implement, they

insinuate, could supposedly hit the working people. The purpose of our action is the exact opposite: to raise the prestige of conscientious work, to finally succeed in having the principle of remuneration based on the amount and quality of work not only proclaimed, but consistently put into effect.

There are some people who compare the present with the year 1968. They argue that, supposedly, the intentions pursued at that time were similar. Nothing of that sort is true! At that time phrases about democracy and about humanizing socialism were used to cover up attacks on the foundations of socialism, on the Soviet Union and other allies of our country.

Things must be called by their real name.

Even the enemies of socialism, progress, and democracy often tried to hide under the banner of these slogans. The only yardstick in judging all political programs is the reality, the social practice. Words and action must be consistent.

Socialism, social progress, and democracy are inseparable from each other. In practical life, in all sectors, we must prove that this is really the case.

And in the same way we also link the struggle for more perfect forms of socialism with the struggle for peace.

The Great October Socialist Revolution, whose 70th anniversary we will recall this year together with progressive people all over the world, proclaimed peace and national freedom as the main demands of the workers class, of the broad popular masses. The birth of people's democracy and of the socialist state in our country, too, was paid for by war hardships and we will never forget that it was the Soviet Union and its heroic people that paid the heaviest toll in the struggle against fascism, that most aggressive iron fist of imperialism, and helped us to regain freedom.

The Soviet Union and the countries of socialism are faithful to the ideals that gave birth to them.

In no respect do we neglect the duty to guard and consolidate the gains of revolutionary changes, the duty to safeguard our defense capability within the firm alliance of the Warsaw Pact organization. At the same time we persistently come up with proposals to ease the international tension and avert the threat of a new war.

The most effective way of ensuring peace would be disarmament--the gradual elimination of all types of weapons, nuclear weapons in particular. Last fall in Reykjavik the highest representatives of the Soviet Union and the United States drew considerably closer to an agreement that might open the way to this longed-for and desirable goal. However, the United States obstructed it with its plans to militarize space. Recently Comrade Mikhail Gorbachev, general secretary of the CPSU Central Committee, presented a new proposal, concerning the removal of intermediate-range missiles from central [as published] Europe.



If this proposal finds a positive response in Washington it would be a significant and promising step that would have a very favorable impact on the international situation. After all, the situation in Europe, where the most powerful military-political groupings in the world--NATO and the Warsaw Pact--exist next to each other, is decisive for world security.

I believe that it is appropriate to take this opportunity and, at this festive rally, also voice demonstrative agreement with the peace initiatives of the Soviet Union, including the latest one put forward by Comrade Mikhail Gorbachev, which also immediately affects our country, said Jan Fojtik, candidate member of the Presidium and secretary of the CPCZ Central Committee, in concluding his speech.

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CSO· 2400/198

## CTK REPORTS JOINT COMPANY VENTURES WITHIN CMEA

LD041236 Prague CTK in English 0943 GMT 4 Mar 87

[Text] Prague, 4 Mar (CTK)—The measures to boost progressive forms of cooperation, adopted by some member states of the Council for Mutual Economic Assistance (CMEA) last year, include above all direct relations between enterprises and the setting up of joint ventures.

The approval of regulations for establishing direct relations between enterprises, valid in Czechoslovakia since July 1986, created conditions for a more intensive involvement of enterprises in the integration processes going on within CMEA.

In the 1980's a number of Czechoslovak enterprises established direct relations with partners in CMEA countries. In 1982, for example, the OKD Praha enterprise signed an agreement with a compressor plant in Kazan, USSR. Since 1984 the Czechoslovak Spofa enterprise has been cooperating with Medoborudovaniye in Moscow in the production of medical equipment, in the research and prevention of diseases.

At present there are two joint ventures in Czechoslovakia, the Czechoslovak-Hungarian Haldex enterprise, set up in 1981, and the Czechoslovak-Soviet scientific-technological association Robot, established in 1985.

The first enterprise with more countries participating was the international shipping organization Interlichter, set up by Bulgaria, Czechoslovakia, Hungary and the USSR in 1978.

Automation and robotization in CMEA countries is to be boosted by a multilateral agreement on establishing an international scientific association Inter-robot, signed in December.

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## PITRA INTERVIEWED ON CEMA AGRICULTURE POLICY

LD071950 Prague Domestic Service in Czech 0300 GMT 7 Mar 87

[Text] [Announcer] Good morning to our listeners and good morning to the guest of our Saturday Talk--Comrades Frantisek Pitra, candidate member of the Presidium and secretary of the CPCZ Central Committee. Comrade Pitra led the Czechoslovak delegation at the meeting of the secretaries for party work in agriculture of the Central Committee of the fraternal countries of the CEMA countries. This meeting was held in Moscow and we have now a chance to find more than was published in the official CTK report.

Well, comrade secretary, allow me to ask you: What was the importance and the objective of the Moscow meeting?

[Pitra] It was practically the first meeting of the secretaries for agriculture of the Central Committees of the fraternal parties in the history of our contacts. Its objective was, I would say, to provide a joint evaluation of ensuring in the best possible way the tasks, which have proceeded and continue to proceed above all from the comprehensive program of the scientific and technical program of the CEMA countries up to the year 2000. Second, its objective derived from the necessity to deepen economic and scientific and technological cooperation with the framework of functioning of the agro-industrial complexes and, lastly, also from the necessity of thoroughly fulfilling the bilateral and multilateral contracts in this sphere. It was a matter of discussing what to do in order to be ready to resolve jointly and in an efficient way the whole complex of issues related to the provision of food for people.

[Announcer] One of the priority directions of the comprehensive program of scientific and technical progress of the CEMA countries is the utilization of bio.technologies in the agricultural and industrial complex. And it is precisely we in Czechoslovakia who should contribute to the fulfillment of this task. Comrade Secretary, what are the tasks on which we shall focus our attention in the near future?

[Pitra] Yes, there is a number of issues, to which we have a chance to actively contribute within the framework of our community. We have very good and very rich experience with the waste-free utilization of rye straw pulp in order to obtain protein fodder in the scientific and production association in



Paskov. We possess the prerequisites to contribute toward ensuring production of the entire spectrum of enzymes and some agents in short supply for plant production and livestock raising. Farmers in Jesenice possess experience with transplanting strawberries, cooperative farms in Turany have experience in growing decorative flowers, and so forth. We are capable of providing the production and the supplies of agents based on (prostoglandin) and biologically active agents for livestock raising. This means that there exists a number of questions upon which we have to focus our attention in the future and where we are capable of actively contributing towards resolving the problem within the framework of our community.

[Announcer] Our agriculture workers--and I often find this during my reporting--are very hampered by a shortage of preparations for the protection of plants. Is there any possibility of solving this problem, precisely with the help of CEMA?

[Pitra] Well, this is the number one question today, I would say the most important one where the possibility of widening the intensive farming technologies, and at the same time where the reduction of our dependence on non-socialist countries are concerned. We annually allocate 0.75 billion in convertible korunas, which together with the imports from socialist countries and our own domestic production means that we know that roughly 60-70 percent of our needs are covered. Our internal possibilities in this direction are naturally very limited. This is production which is directly intended for cooperation and specialization. All these are reasons why we put great hopes into the preparation of for example, an agreement on cooperation of the production of pesticides and mineral fertilizers with the Soviet Union, on which very intensive work is being done at present. A prerequisite for this is precisely coordination of investment and cooperation in raw materials for the production of pesticides. And naturally we must also look for other ways.

[Announcer] Direct relations between enterprises and organizations are rightly considered to be a progressive method of work which undoubtedly leads to a speeding up of the economic and social level of all member countries of the socialist community. We also have some front runners in this area--the Unified Agricultural Cooperatives in Slusovice, Bresuvky, Budetsko and so on--but we know from practice that faster progress is for the moment being hampered by the unclear question of mutual economic balance. Comrade Secretary, did you consider this problem in Moscow, and what are the conclusions?

[Pitra] Yes. What is truly important is that the economic conditions of cooperation should be in harmony with the economic accountability interests of the relevant economic organizations, and at the beginning some of our comrades understood the development of direct relations as more a matter of friendship than appreciating their economic importance. On the other hand it would be a mistake to think that it is necessary to wait until everything has become clear. Our experiences from the work of the joint Czechoslovak-Soviet laboratory in Nitra, for example, show that it is possible and necessary to solve things. A condition of success is initiative, genuine interest in the ideas of the people who organize the whole business. It is important that we should not allow this idea to be discredited, and this is vital in particular at a time when there is

no corresponding economic mechanism created as yet, which would stimulate the development of these relations. But it is necessary to say that a number of barriers of an administrative character have already been removed and very intensive work is being done on the removal of the remaining ones.

[Announcer] Our public was informed about the speech by Comrade Gorbachev, general secretary of the CPSU Central Committee, at your meeting in Moscow. I would like to ask what impressed you most, as a direct participant, and another question, how is the process of perfecting the planning mechanism, which is already taking place for a 2nd year in our agriculture and food complex, connected with the principles of restructuring?

[Pitra] Well, that is a very broad question. The meeting with Comrade Gorbachev was for us, all the participants of the meeting, the truly greatest experience. If I were to describe what had the greatest effect on me, then it was above all the very logical, deeply thought out and all-round justified approach of the Soviet comrades, precisely to questions of restructuring. Comrade Gorbachev spoke about the deep conviction of the Soviet leadership about the fact that restructuring would stop in the Soviet Union if it did not include all the spheres of the life of society, spiritual, political, economic, and the main factor, that is the strength of the people. He spoke about the fact that restructuring can only be of an irreversible character only through the mechanism of democracy. As far as the second aprt of the question is concerned....

[Announcer] That is really, the principles of the restructuring of the economic mechanism in Czechoslovakia and our well-known system for the agriculture and food complex.

[Pitra] Right at the beginning I would like to say that the valid system of management in agriculture already contains a number of very significant elements which are contained in the principles on the restructuring of the economic mechanism. Possibly for this reason the opinion that the restructuring of the economic mechanism should not affect agriculture crops up in many places. That is a wrong opinion. The restructuring affects and will affect the whole of our economy, which also means the agriculture and food complex. Here it is also necessary to continue to improve the quality of planning, to increase the role of supplier-consumer relations and economic relations. It is also necessary here to make considerable progress in the objectivisation of economic tools, market prices, levies and grants. And in the production of food it is necessary to continue to strengthen the position of the consumer of agricultural and food products. The system of economic tools, just as in the other sectors, must secure a greater comparability of production economic results and at the same time objectively express the share in the creation and use of the national income. [Words indistinct] principles which were recently published, naturally cannot give an answer to a number of concrete tasks. The answers will be provided by the complex document and its application to specific conditions in individual sectors.

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## CPSL PRESIDIUH DISCUSSES S&amp;T, ECONOMY

LD101947 Prague Domestic Service in Czech 1700 GMT 10 Mar 87

[Text] The CPSL Central Committee Presidium discussed at its meeting today issues connected with accelerating the development of science and technology in Slovakia and decided that these matters will be submitted at a session of the CPSL Central Committee this month. It also discussed the program of work on drafting the comprehensive document for restructuring the Czechoslovak economic mechanism. It was given an outline of the work and was briefed on its statewide time schedule. In this connection it entrusted specific tasks and responsibility to the central Slovak bodies for ensuring the formulation of the comprehensive document.

The Presidium then assessed the elaboration of the Eighth 5-Year Plan and the implementation of the state executive plan for this year as it applies to Slovakia. It also reviewed the development of the Slovak national economy and the implementation of the state plan for 1986.

It expressed dissatisfaction with the nonfulfillment of some key tasks, with the shortfall at the beginning of 1987, and with the inadequate attainment of qualitative indicators in the economic plans of enterprise and organizations. It stressed that a fundamental breakthrough has to be achieved in a short time in applying intensification factors, in the effect of the potential of science and technology on the innovation process and on enhancing the quality of products, in capital construction, in strengthening discipline and cost-consciousness, in expanding international cooperation, and in mobilizing the initiative of the working people to make better use of all internal reserves.

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## SCIENTIFIC COMMISSION STOPS SOME RESEARCH FUNDING

LD172218 Prague Domestic Service in Czech 1730 GMT 17 Mar 87

[Text] The Federal Commission for Research and Development Investment Planning, which met today in Prague, dismissed measures to insure the implementation of tasks of the state plan and draft corrections to this year's plan. It noted that the tasks of the Eighth 5-Year Plan are not being fulfilled satisfactorily. Until the problems have been solved, it has stopped funding research and development tasks for which the import of necessary equipment from non-socialist countries has not yet been secured, and for which the necessary capital construction has not been carried out. This affects sectors administered by the Federal Ministry of General Engineering, the Czech Ministry of Agriculture and Food, and the Federal Ministry of the Electrical Engineering Industry.

On the basis of a detailed check, the commission also cancelled a number of research and development tasks for this year, and replaced them by others which are guaranteed to produce the required benefits. The session also discussed the aims of the plan for technical development in the electrical and general engineering industries.

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## HYDROPROJECT OBJECTIONS TERMED 'NAIVE'

AU181237 Bratislava PRAVDA in Slovak 12 Mar 87 p 7

[Gejza Vilcek Budapest dispatch: "Talking to V. Lokvenc, CSSR Government Plenipotentiary; Project for Pure Energy"]

[Text] Budapest--Engineer Vladimir Lokvenc, the CSSR government plenipotentiary responsible for the construction and maintenance of hydroprojects on the Danube, yesterday [11 March] met Hungarian journalists and representatives of other professions in the Czechoslovak Cultural and Information Center in Budapest.

The great interest in Czechoslovak standpoints with regard to the construction of a joint system of hydroprojects on the Danube attracted an exceptional number of journalists to the press conference. After the expert statement expounding the subject, the views of the laymen who criticize this magnificent project seemed ridiculously naive. The self-appointed "protectors" of nature, who are also repeatedly muddying the waters in Hungary with their demagogical talk, could have learned from the facts presented that the project concept alone had more than 100 variants; and that the solution of every variant also involved a selection of many designs. But the creators of the hydroproject are still not satisfied with this: They are constantly following the latest research results in the Czechoslovak and Hungarian academies of sciences, immediately implementing them in adjustments to the designs. At the same time they are leaving the door open for further new knowledge. They are building in a way that also permits new discoveries to be applied to the completed project.

When an MTI correspondent asked V. Lokvenc about the possibility of reducing the construction deadline, he answered that the dateline 1990 is not an easy one to adhere to; but even so, he said, we have pledged that we will cut down the time between commissioning of individual Gabčíkovo turbines for operation from 5 to 3 months. He welcomed the deadline: To produce 4 billion kWh of electric power, as the hydroproject will, one must extract 4 million tons of coal and cover further natural areas with pit heaps; and one also needs 5,000 miners to extract this amount of fuel, plus another 1,000 power plant employees to produce the electric current. Apart from that, the hydroproject will help resolve a serious natural contradiction in southern Slovakia. Good agricultural results in this region demand 1,500-2,000 mm of precipitation annually, whereas in reality the region gets 500-600 mm.

On our initiative, Engineer Julius Binder, deputy director of the HYDROCONSULT organization, presented the public with the project to improve living environments near Bratislava. The water reservoir on the Petržalka side will make it possible to build a recreation and sports area there with a capacity of 15,000 people.

J. Binder stated that the fertile soil strata which were saved at the beginning of construction work are now being replaced and that recultivation is progressing successfully.

All factors of the joint hydroproject unambiguously show that the Danube will be providing us with "pure, beautiful energy," as the Czechoslovak experts said during the Budapest press conference.

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## EDITORIAL URGES, EXPLAINS CHANGES IN FOREIGN TRADE

AU091452 Bratislava PRAVDA in Slovak 6 Mar 87 p 1

[Editorial: "In the Interest of Higher Exports"]

[Excerpts] For much too long we had to note the existence of a grievous discrepancy in foreign trade--the fact that the interests of society and the interests of individual economic organizations were disparate and divorced from each other. It was all to no avail. Pointing to the position of our country in the world, in its dependence on the international division of labor and, hence, on good results in foreign trade was like talking to the wind. The attitudes on foreign trade and to developments beyond the borders of our country remained unchanged. The rules and conditions under which exporters lived, and continue to live, were and remain stronger than any exhortations.

The analysis carried out at the 17th CPCZ Congress clearly showed that changing the state of affairs is contingent upon additional changes in the system of planning and management.

That is why restructuring has gradually started in some sectors this year. The principles tested within the framework of the comprehensive experiment in enhancing the independence and responsibility of economic organizations for efficient development also include principles aimed at improving the management and organization of foreign trade.

Changes have also occurred in the organizational structure of foreign trade. It has been decided, for example, to transfer exports of construction and road-building machinery, high-lift trucks, and other products of the ZTS [Heavy Engineering Plants] Martin economic production unit from the jurisdiction of the Strojexport foreign trade enterprise to the jurisdiction of the ZTS Martin economic production unit. Within the framework of the Omnia Bratislava foreign trade enterprise, a special workplace is to be attached to the ZVL [Roller Bearing Plants] Povazska Bystrica economic production unit to deal with exports of technology and equipment for the production of bearings, and so forth. On the whole, about 29 percent of engineering exports to socialist countries and about 22 percent of engineering exports to nonsocialist countries are to be transferred to the direct jurisdiction of engineering production branches (including electrical engineering).

New forms of linkage between production and foreign trade, be it economic or organizational linkage, are also to be tested in non-engineering production enterprises and economic production units. This testing will be done within the framework of the comprehensive experiment.

Organizational changes are important, but we should bear in mind the lesson from past experiments in foreign trade, namely that organizational changes alone--without appropriate economic measures, without new instruments, without restructuring the economic mechanism--will not, and cannot, yield any great effect. How many times have we in PRAVDA criticized organizations (there were so many of them that we cannot even name them) exporting sub-standard quality, sometimes even consciously. And why not? Objective exigencies forced society to embark on foreign markets, but individual organizations were not affected by this. They were, so to speak, in a sheltered corner, protected from the storms which compelled other countries to advance at a much faster pace than our country, to innovate, and to raise the quality of their exports.

The Crystalex Novy Bor and Jablonec Costume Jewelry economic production units were to start the experimental verification of some elements of the new economic mechanism this January. Indeed, they were to. As their representatives have stated, at the beginning of February they did not know what the specific rules of the experiment would be. We have already referred to one lesson from a past experiment in foreign trade. We cannot but refer to yet another experience: Even that penultimate experiment was impeded by its inadequate preparation and, later, by a lack of flexibility on the part of those involved in it. Surely, to justify this shortcoming it is possible to point to the existence of objective problems and to argue that in implementing this most revolutionary change in the management of socioeconomic processes in our country since February 1948--as the restructuring of the economic mechanism is being called--it is necessary to proceed so as to make as few mistakes as possible. In the days to come, however, it will be necessary to proceed precisely from this definition and to strive to deal with the changes in a genuinely revolutionary way.

Assuming any other but active approach in the organizations that are to join the experiment in the course of this year, letting things take their course and relying on the belief that "we have always managed somehow, so why should not we manage now," would have deplorable consequences. Despite the exceptional importance of the restructuring of the economic mechanism, it would be a mistake if some people deduced from this that soon everything will work automatically, that the changes will function as a magic wand. That is why it is so important to prepare people, to explain to them the new regulations.

Immensely important will also be to study the experiments and initial results of novelties being introduced in the other socialist countries, especially in the Soviet Union. This concerns the expanded rights and enhanced responsibility of production sectors and organizations for the results of foreign trade, as well as the steps taken to raise the effectiveness of the function of the state monopoly in foreign trade.

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## DAILY ON HUNGARIAN TRADE UNION AFFAIRS

AU131212 Prague PRACE in Czech 5 Mar 87 p 3

[Michal Olbrich article: "Hungary Adopts Measures for a More Marked Stimulation of Economic Development: Systematic Attention to Enterprises"]

[Text] Our economic problems are really big, wrote NEPSZAVA, the Hungarian trade unionists' daily, in a recent article in which it reacted to some extreme views on a supposedly gloomy economic future of Hungary. One has to say that some data on the development of the Hungarian economy, especially in the past 2 years, do not elicit a feeling of satisfaction: even more so, they elicit contemplation and practical steps, the objective of which is to bring about economic revival and utilize the country's entire potential. Hungarian trade unions are taking an active part in that process.

The background to this--for 2 years now the country has not fulfilled its plan, and last year expenditures exceeded revenues by almost 40 billion forints. This year the state budget of the Hungarian People's Republic reckons with revenues totalling 606,9 billion forints, and expenditure of 650,7 billion forints. This constitutes a planned deficit amounting to almost 44 billion forints, and in the opinion of the majority of Hungarian experts this is almost the limit of what is tolerable. The large state budget deficit has, in particular, been caused by repayment of foreign loans and the interest that accumulated in the preceding years.

In the aforementioned article, NEPSZAVA stresses that the main source of problems--next to the changes in the world economy which had a negative impact on Hungary--is the low labor productivity, which in Hungary, for example, lags 15-30 percent behind Czechoslovakia and the GDR. The unsatisfactory results have been caused by inconsistencies and disputes in economic management, lack of interest, dilatoriness in labor organization, and shortcomings in control.

Roughly 2 years ago--as of 1 January 1985, to be precise--the Hungarian system of economic management was changed. New methods of enterprise management were introduced, the regulation of prices was changed, as well as that of enterprises' incomes and earnings, and of market and money turnover. The more independent management of enterprises was the fundamental objective. Parallel with that, the range of the decisionmaking powers of enterprise collectives and their participation in management was expanded.

The discussions in the pages of Hungarian newspapers and the local magazines attest to the fact that the role of the enterprise councils is in the crystallization stage. For example, there was talk about their responsibility which lies in the right to determine wage rises by vote. The enterprise councils' first tasks was to elect directors. Undoubtedly, that also elicited great interest and several unexpected decisions which caused great agitation among the public. Participants in a round-table discussion on enterprise councils organized by PARTELET (PARTY LIFE) pondered the fact that in some quarters exaggerated stress was put on certain features of behavior, such as for example the director's approach to people, how he talks with the working people, or how often he mixes with them, ignoring the aspect of the success of the work of the unit he manages.

In Hungary they consider it useful to devote themselves to all problems connected with new methods of enterprise management. A number of new economic instruments went into effect at the beginning of this year. One of the most important is the tightening of the conditions pertaining to wage rises, which have overtaken the results of work in the past 2 years.

As a consequence of rationalizing the economy, production restructuring, and the anticipated closing down of uneconomic enterprises the Hungarian trade unions are also facing new tasks. In an interview with the MSZMP daily NEPSZABADSAG, Sandor Nagy, secretary of the National Council of Hungarian Trade Unions, said that trade unions are not against reform and changes, that they regard manpower regrouping as necessary and essential, but the present system of resources necessary for this has not yet been comprehensively thought out. In this situation the Hungarian trade unions have therefore been submitting various proposals aimed at preventing the great labor movement from becoming anarchistic.

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## HUNGARIAN PRODUCTION EXPERIMENTS DESCRIBED

AU171345 Prague RUDE PRAVO in Czech 10 Mar 87 p 6

[Gejza Vilcek Budapest dispatch: "How to Raise Performance; Autonomous Work Groups in Hungary"--passages between slantlines published in boldface]

[Text] In our country there was a time when experiments were carried out by so-called autonomous work teams; their experience was later utilized in the activities of socialist labor brigades, and also in the brigade organization of labor and remunerations. Such experiments were carried out for instance in the electricians' construction teams in the Civil Construction Works in Nitra.

In Hungary the experiment carried out with the autonomous work groups (which remind us of the brigade form of organizing labor and remuneration) have significant political features: They are contributing to the fulfillment of the urgent demand voiced by the MSZMP Congress and the following resolution of the MSZMP Central Committee session last November [1986] on better use of normal working hours, on restoring prestige to the main job, and on raising efficiency in workplaces.

This effort to raise performance during normal working hours is a reaction to the often negative consequences which the expanded form of so-called intra-enterprise entrepreneurship has on morale and performance.

This form, known in Hungary under the abbreviation VGMK (enterprise work business partnership) enables groups of employees to carry out particularly urgent work after working hours using the machinery and equipment of their enterprise, on a contract basis, and for high remuneration calculated on the basis of production costs and not on the basis of wages funds. Both labor productivity and quality have soared in these groups. Quite often the engineers also join them in order to make some extra money. /The groups accept in their midst only the very best qualified workers, and are practically sealed off from the broader collective. The "side effect" of this entrepreneurship is excessive earnings; an artificial shifting of tasks from normal working hours to the VGMK; and frequently even the abuse of normal working hours to prepare work within the framework of the VGMK, in which performance thus becomes unbelievably high./ Performance of VGMK groups

is approximately two or three times the performance during the main working hours, and incomes are three to four times higher,

In this way the experiments with autonomous work groups represent a kind of search for an alternative to the VGMK--compensation for controversial "intra-enterprise entrepreneurship," and an endeavor to establish prerequisites for raising both efficiency and earnings during the official working hours without negative social and moral side-effects.

The Sociology Institute of the Hungarian Academy of Sciences, in cooperation with the system enterprise for organization, has started an experiment in the Taurus rubber super-enterprise and in the smaller Hungaria plant for processing plastic materials. Sandor Berki from the Sociology Institute described the results on the pages of the daily NEPSZAVA.

/In the autonomous groups workers execute certain management functions and bear responsibility for the work accomplished; they decide how the flexible wages components are to be divided up./ Out of the flexible wages they can pay out remuneration even to people who are outside the collective if these latter have contributed toward raising performance and the smooth flow of work. It was found that workers can influence supplies of materials, energy, and instruments and that they are even capable of settling matters which the enterprise administration had not been capable of resolving. In 1986 the performance of autonomous teams in the Taurus enterprise increased 30 percent in the first 3 months, and 40 percent in the fifth month. During that period the incomes of the team members increased 19-54 percent--that means, in a very differentiated way. The final result was a 1.5-fold increase in performances and wages. Overtime work disappeared; the tasks were accomplished during normal working hours.

The experiment in the Hungaria plant was less successful; productivity there increased only 3 percent. The explanation is that this enterprise has different conditions; the working people there operate and carry out checks using automatic equipment and it is difficult to influence its performance without changing its design.

The working people have not only appreciated the increase in their incomes on the basis of performance--they valued even more their increased independence, and the awareness that they themselves decide that will start one and how. It was interesting to see that both the workers and the enterprise management approved this organization of work and remuneration, whereas the foremen and shop leaders felt offended, felt the loss of their prestige.

Researchers appraise the results from the viewpoint of prospects; they prophecy difficulties which could ensue if this system were to be implemented throughout all enterprises. This would cause problems because the wage regulations do not distinguish between an overall wage increase and an increase acquired from raising labor productivity.

The greatest advantage which became apparent was that the autonomous organization of work and remuneration is accessible to everybody--it does not create

social differences according to the group to which one belongs; it differentiates according to performance. According to the organizers of the experiments the new form must not be spread like a campaign; its attractiveness should assert itself on the basis of good examples. After the first experience in the Taurus enterprise, further autonomous collectives were established there voluntarily; they want to make better use of their initiative during normal working hours,

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## KRIVROY ROG PROJECT ADVERTISES FOR SKILLED WORKERS

AU161526 [Editorial Report] Prague MLADA FRONTA in Czech on 10 March 1986 on page 6 carries a 2,000-word full-page advertisement, published on behalf of the Industrial Construction Works [Prumyslove stavby] of Brno, headlined "The Construction of the Krivoy Rog Oxydized Iron Ore Dressing Plant Dolinskaya in the USSR." The purpose of the advertisement is to recruit young skilled Czechoslovak workers. The skilled workers required at the project, according to the advertisement, are bricklayers, carpenters, concrete workers, construction workers, fitters, welders, steel construction assembly workers, as well as painters, electricians, and plumbers.

The advertisement describes the location of the project and the climate, which is "continental, similar to ours--the maximum temperatures ranging from 35 degrees Celsius below zero to 35 degrees Celsius above zero."

It enumerates what Czechoslovak companies are building or are going to build at the project, and notes that currently there are 400 Czechoslovaks employed there, with their number expected to rise up to 2,000 in the unspecified future.

It goes on to say that applicants for jobs at the project will undergo a thorough medical checkup before a work contract is concluded with them. They will travel to the USSR on official passports, mostly by air.

The advertisement then describes in detail the accommodation, facilities, and amenities available to those working on the project. Each employee sent to the USSR on a long-term contract will receive a daily allowance of R9.50, of which R2.10 will be deducted for food. Accommodation is free. Wage rates have been set by a "government decree."

"In view of the social and political importance of these projects and in accordance with the plans for improving the economic effectiveness of wage systems for workers and technical-economic personnel, increased wage rates are being implemented, not including an allowance for possible work in an environment harmful to health, for work at heights, for being ordered to be on call for emergency work and, with technical and management personnel, for using a foreign language. Other allowances--for overtime, weekend, and shift work, and suchlike, will be dealt with by the adjustment of the work regiment."

The persons employed at the project in Dolinskaya work "in cycles." One cycle is 16 weeks, during which people work 13 weeks 9 hours a day 6 days a week. For their 3 weeks off the workers "go home," or may combine this time with their annual leave. Every employee can deposit his unused daily allowance as "foreign currency savings" with the cashier of the Simex foreign trade enterprises at the worksite. These savings will be paid to employees either in Korunnas or Tuzex coupons in accordance with the appropriate regulations, the advertisement states.

Soldiers in the second year of their military service may apply, and with the permission of the military authorities, young skilled workers may opt to work 19 months at the project in the USSR and then undergo only 5 months of military services.

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## BRIEFS

**CZECH FIRE DAMAGE**--A total of 7,324 fires were recorded in the Czech SR in 1986, causing preliminarily estimated damage totalling Kcs170,233,800. In these fires 87 persons died and 662 were injured. [Summary] [Prague VECERNI PRAHA in Czech 27 Feb 87 p 2 AU] /9274

**NEW FINANCIAL REGULATIONS**--Addressing a press conference in Prague on 5 February, S. Sourek, CSSR deputy minister of finance, briefed journalists on new principles of funding enterprises' social consumption which the CSSR Government approved in 1986. The new principles concern expenditures by enterprises on the repair, maintenance, and operation of recreational, sport, and cultural facilities and affect about Kcs1 billion out of the total of Kcs14 billion of enterprise expenditures on social consumption. The gist of the change lies in the transfer of these expenditures from the costs of an enterprise to its profits, or to its fund of social and cultural needs. According to Sourek, the aim of this measure is "definitely not to emasculate the gains of the working people," but to clear production costs of all expenditures that are not related to production proper and to peg these expenditures to the creation of profits, thereby raising cost-consciousness. [Summary] [Prague ZEMEOELSKÉ NOVINY in Czech 6 Feb 87 p 4 AU] /9274

**USE OF ROBOTS**--The tasks of the Seventh 5-Year Plan with respect to the development of industrial robots were exceeded. Whereas the plan provided for the deployment [of] 1,505 automated technological workplaces composed of 3,108 individual robots by the end of 1985, a total of 4,174 robots were actually deployed at 1,565 workplaces, obviating the need for 2,871 employees. The robotization plan for 1986-90 provides for a more than twofold increase in the number of deployed robots compared with the Seventh 5-Year Plan and for a 3.5-fold increase in manpower savings. Domestically manufactured robots, of which there were 961 in 1986, should account for the 'decisive share' of newly deployed robots. Most robots manufactured thus far have been special purpose machines produced for their manufacturers' own needs. This accounts for the high production costs of robots and the relatively long period of return on invested capital, which is one of the main reasons for the lack of interest in robots on behalf of enterprises. [Summary] [Prague RUDE PRAVO in Czech 5 Feb 87 p 5 AU] /9274

**KEMPNY IN BRNO**--A session of the South Moravia CPCZ Regional Committee, held in Brno on 5 February, discussed the share of scientific-technical development in meeting the tasks of 1987 and the entire Eighth 5-Year Plan. The session,



which was chaired by Vladimir Herman, candidate member of the CPCZ Central Committee Presidium and leading secretary of the South Moravia CPCA Regional Committee, was attended by Josef Kempny, member of the CPCZ Central Committee Presidium and chairman of the Czech National Council. Speaking in the debate, Josef Kempny stressed the importance of the scientific-technical base and production potential of South Moravia for the whole republic. [Summary] [Prague RUDE PRAVO in Czech 6 Feb 87 p 2 AU] /9274

HAMAN TOURS MORAVIA--Brno (CTK)--Josef Haman, CPCZ Central Committee Presidium candidate member and secretary, arrived in the South Moravian Region for a working visit on 9 February. In Brno he inspected the Research and Development Institute for Revolving Electric Machinery [Elektrické Stroje Tociče], where he also discussed measures for further accelerating scientific-technical and production cooperation with the USSR, especially in low-voltage induction motors. During his visit to the METRO concern enterprise in Blansko, which produces electric measuring and regulation apparatuses and data processing equipment, he also discussed how METRO employees will react to the principles of restructuring the economic mechanism. [Summary] [Prague RUDE PRAVO in Czech 10 Feb 87 p 2 AU] /9274

HAVLIN ATTENDS MEETING--Domazlice (CTK)--On 19 February Josef Havlin, CPCZ Central Committee secretary, addressed the annual party members' meeting in the second CPCZ primary organization in the spinning mill for combed yarn in Kdyne, near Domazlice. J. Havlin stressed that, in connection with the changes in the development of the economy, the CPCZ's first and foremost task is to lastingly see to the party's healthy development, to the improvement of the quality of its party base, to the consolidation of party unity, and to the growth of its moral authority. This, Havlin stated, makes it necessary for communists to deeply master the foundations of Marxism-Leninism and the party's strategic line following the 17th Congress and to stand at the head of the struggle for its implementation. [Summary] [Prague RUDE PRAVO in Czech 20 Feb 87 p 2 AU] /9274

HERMAN IN SOUTH MORAVIA--Vladimir Herman, candidate member of the Presidium of the CPCZ Central Committee and leading secretary of the CPCZ's South Moravian Regional Committee, on 20 February attended annual meetings of unified farmers cooperatives in Hrotovice and Caslavice in the Trebic area. [Summary] [Prague RUDE PRAVO in Czech 21 Feb 87 p 2 AU] /9274

HRUSKOVIC IN POVAZSKA BYSTRICA--Povazska Bystrica (CTK)--Miloslav Hruskovic, CPCZ Central Committee Presidium candidate member and secretary of the Slovak Communist Party [CPSL] Central Committee, addressed the annual members' meeting of the CPSL Plant Committee No 30 in the roller bearing plant of the Klement Gottwald Povazie Engineering Works in Povazska Bystrica, which dealt with efforts to help fulfill the line of the 17th CPCZ Congress [date not given]. Speaking in the discussion, Mr Hruskovic dealt with the topical issues of gradually restructuring the economic mechanism, with particular stress on the CSSR's share in the development of international socialist integration. On the basis of the appraisal of last year's economic results, he stressed the need to systematically enhance the efficiency and quality of production,

while creatively implementing the latest knowledge of science and technology in the engineering branches in particular. [Summary] [Prague RUDE PRAVO in Czech 13 Feb 87 p 2 AU] /9274

LENART IN SVIT--Jozef Lenart, member of the CPCZ Central Committee Presidium and first secretary of the CPSL Central Committee, arrived for a brief working visit in the CHEMOSVIT enterprise in Svit on 13 February. [Summary] [Prague RUDE PRAVO in Czech 14 Feb 87 p 2 AU] /9274

HAVLIN IN NYRSKO--CPCZ Central Committee Secretary Josef Havlin attended the CPCZ's annual membership meeting in the OKULA enterprise in Nyrsko on 17 February. "In a discussion he recalled the recently approved principles for restructuring the economic mechanism and stressed that they constitute the first step. Changes certainly will not be simple, and it will not be easy to assert them in life. They require a much more exacting style of work by all managing agencies, overcoming the accustomed routines and notions, resolving many concrete situations, and undertaking many risks. But today there no longer exists another, easier road." [Summary] [Bratislava PRAVDA in Slovak 18 Feb 87 p 1 AU] /9274

HRUSKOVIC IN ZILINA--Zilina (CTK)--Miloslav Hruskovic, CPCZ Central Committee Presidium candidate member and secretary of the Slovak Communist Party [CPSL] Central Committee, addressed the 14 February annual members' session of the CPSL plant organization in the Zilina District National Committee, which dealt with the increased demands placed on the quality, style, and methods of work of the communists in national committees. After appraising the plant organization's work to date, M. Hruskovic noted the need to enhance the efficiency of party work in the national committees in order to specifically contribute toward realizing the strategy of acceleration in the social and economic spheres and to better satisfy the citizens' needs. [Summary] [Bratislava PRAVDA in Slovak 14 Feb 87 p 2 AU] /9274

PITRA CHAIRS MEETING--The CPCZ Central Committee's Commission for Agriculture and Food, presided over by its chairman Frantisek Pitra, candidate member of the Presidium and secretary of the CPCZ Central Committee, held a meeting in Prague on 16 February. Among other things, "the commission voiced dissatisfaction with the inadequate flexibility and the inconsistency of the management of the AGROZET concern and of the Ministries of Agriculture and Food when it comes to creating the necessary material-technical prerequisites for the full implementation of the new Czechoslovak milk norm." [Summary] [Bratislava PRAVDA in Slovak 17 Feb 87 p 1 AU] /9274

COOPERATION WITH CHINA.--Beijing (CTK)--The construction of the first naval freighter vessel to be built by the PRC for the CSSR was begun on 19 February in Tianjin in the presence of Czechoslovak experts. The 7,000-ton ship will be called "Vltava" and will be launched in November 1987. It will be one of four vessels to be built by China for the CSSR. [Summary] [Prague RUDE PRAVO in Czech 20 Feb 87 p 7 AU] /9274

AGRICULTURAL COOPERATION WITH CUBA--Miroslav Toman, CSSR deputy premier and minister of agriculture and food, received Gilbert Lleren, Cuban deputy

minister of sugar industry, in Prague on 3 February. They discussed their countries' cooperation in the sphere of the nutrition of farm animals and cooperation in the production of lysine, glucose, and fructose. [Summary] [Bratislava PRAVDA in Slovak 4 Feb 87 p 2 AU] /9274

TRADE COOPERATION WITH CUBA--Jaroslav Jakubec, chairman of the Czechoslovak Chamber of Trade and Industry, and Julio Garcia Oliveras, chairman of the Cuban Chamber of Commerce, who are taking part in the international forum "For a World Free of Nuclear Weapons" in Moscow, signed a plan of work for the 1987-88 period Sunday night [15 February]. In accordance with the plan, the two sides will support the fulfillment of the annual protocols on the exchange of goods and the joint activity of CSSR and Cuban organizations and enterprises on third markets. [Excerpt] [Bratislava PRAVDA in Slovak 17 Feb 87 pp 1, 7 AU] /9274

FRG-CSSR WATERWAYS DISCUSSED--Talks on transportation on inland waterways have been held between the CSSR and FRG Governments in Prague. Protocols on the talks were signed at the end of the talks and a draft agreement was initiated. The accord will make it possible for Czechoslovakia to use, in addition to the existing Labe waterway, the entire network of the FRG's inland waterways, including the future Main-Danube channel, as well as the waterways of other West European countries. FRG vessels will be able to use the CSSR network of waterways. [Summary] [Bratislava PRAVDA in Slovak 17 Feb 87 p 2 AU] /9274

PROTOCOLS WITH POLAND--The session of the Czechoslovak-Polish Committee for Economic and Scientific-Technical Cooperation ended in Prague on 20 February. At the end of the deliberations the heads of the two delegations--Jaromir Obzina, CSSR deputy premier and chairman of the State Commission for Scientific-Technical and Investment Promotion, and Zbigniew Szalajda, deputy chairman of the Polish Council of Ministers--signed a protocol summarizing talks' results. In addition, Obzina and Szalajda also signed the schedule for the realization of the Long-Term Program of the Development of Economic and Scientific-Technical Cooperation Between the CSSR and Poland Up to the Year 2000, pertaining, in particular, to the coordination of the two countries' national economic programs, and an interstate agreement on joint CSSR-Polish production of heavy tractors. The Polish delegation left the same day. [Summary] [Prague RUDE PRAVO in Czech 21 Feb 87 p 1 AU] /9274

POLISH HEALTH MINISTER VISITS--Slovak Minister of Health Eva Tokolyova received a delegation of the Ministry of Health and Social Welfare of the Polish People's Republic, headed by Minister Miroslaw Cybulka, in Bratislava on 16 February. [Summary] [Bratislava PRAVDA in Slovak 17 Feb 87 p 2 AU] /9274

BENO RECEIVES ROMANIAN OFFICIAL--At the end of its friendly visit to the CSSR CPCZ Central Committee Secretary Mikulas Beno received a delegation of the Romanian National Woman Council headed by Diamanta Laudoni, member of the RCP Central Committee and member of the Romanian State Council, in Prague on 2p February. [Summary] [Prague RUDE PRAVO in Czech 21 Feb 87 p 2 AU] /9274

**CEMA COMMISSION MEETS**—The first session of the Permanent Commission for New Kinds of Materials, which was set up within the framework of the Federation of Scientific-Technological Societies of Socialist Countries in support of the Comprehensive Program of Scientific-Technological Progress of CEMA Member Countries up to the Year 2000, concluded yesterday [4 March] with the signing of the final protocol. Representatives of scientific-technological organizations in the People's Republic of Bulgaria, the Hungarian People's Republic, the GDR, the Polish People's Republic, the USSR and CSSR have been discussing since Monday [2 March] cooperation in research into new materials and their application in practice, especially in ferrous metallurgy, composite and ceramic materials, metal glass [kovova skla], and polymer slabs [polymerove plasty]. They agreed on the main themes of joint professional actions and on other forms of exchanging information and experience. The role of coordinator was entrusted to the Czechoslovak Scientific-Technical Society. [Text] [Bratislava PRAVDA in Slovak 5 Mar 87 p 2 AU] /9274

**LENART ON ECONOMY, NUCLEAR PLANT**—The communists Mochovce branch of the Hydrostav national enterprise met in Novy Tekov today to discuss the construction of the nuclear power station in Mochovce. They said that it would be necessary to overcome the shortcomings caused by the lack of preparations in designs and budgeting, which resulted in problems with regard to organization, capacities and material. Jozed Lenart, member of the CPCZ Central Committee Presidium and first secretary of the CPSL Central Committee spoke in detail about the principles of restructuring the economic mechanism. He requested that these principles be applied also in improving investment activity, because its improvement would contribute to the timely completion of the nuclear power station in Mochovce. [Text] [Prague Domestic Service in Czech 1730 GMT 9 Mar 87 LD] /9274

CSO: 2400/198



## FINANCE MINISTER ADDRESSES PEOPLE'S CHAMBER ON 1987 BUDGET

East Berlin SOZIALISTISCHE FINANZWIRTSCHAFT in German Vol 41 No 1/87 (signed to press 12 Dec 86) pp 2-4

[Text of address by Ernst Hoefner, Minister for Finance, on the law on the 1987 budget plan, delivered at the Third Plenary Meeting of the GDR People's Chamber on 27 Nov 86]

[Text] Comrade General Secretary! Comrade President! Deputies!

In full conformity with the draft legislation on the 1986-1990 5-Year Plan for the development of the GDR national economy and the 1987 economic plan and in implementation of the 11th SED Party Congress resolutions, the draft law on the 1987 budget plan submitted to you is aimed at continuing to resolutely pursue the tried and tested policy of the main task in its unity of economic and social policy, for the welfare of the people and the preservation of peace.

The plan draft is based on the fundamental orientation given by Comrade Erich Honecker, SED CC general secretary and chairman of the GDR Council of State, at the Third SED CC Plenum to the effect that all qualitative factors need to be utilized in the spirit of all-out intensification.

State Owned Sector of the National Economy Produces 78 Percent of All State Revenues

In the continuing realization of the economic policy directed to the year 2000 as presented to the 11th SED Party Congress, the plan offers major challenges to the efficiency of work in combines, enterprises and cooperatives as well as to rational operation in all sectors of the national economy.

The GDR budget is based on solid foundations. They are represented by the creative effort and diverse initiatives of the working people in cities and villages with their significant effects on the conduct of the socialist competition, organized by the labor unions and extensively involving the Free German Youth, the youth brigades and youth research collectives.

The targets of the 1987 budget are indivisibly linked with the tasks arising from the steady deepening of socialist economic integration with the USSR and the other CEMA member countries. Of the utmost importance in this connection

is the purposeful implementation of the "long-range program for the development of cooperation between the GDR and the USSR in the field of science, technology and production for the period through 2000."

Deputies!

The draft law on the budget plan sets the target in 1987 to earn budget revenues in the amount of M256.3 billion. As always in the 37 years of the GDR, the plan for the coming year also envisages revenues and expenditures to be in balance, and for the budget to show a surplus at the end of the year.

A balanced budget first of all requires us to obtain the full amount of the planned revenues from the state sector of the national economy by, in particular, our daily struggle to lower costs. State owned combines and enterprises are called upon in 1987 to pay M200.1 billion to the state. This means that more than 78 percent of all budget revenues will be earned by the state owned sector of the national economy on the basis of growing output and a steadily improving cost/profit ratio.

In accordance with the measures decided upon for the further perfection of management, planning and economic accounting, the plan draft is based on the need for combines and enterprises even more effectively to use the principle of self-financing and closely combine economic accounting with the cycle of intensively expanded reproduction.

#### Lower Costs--A Criterion of Intensification

This requirement challenges combines and enterprises to lower costs at the same time as developing high-quality and demand appropriate output. In the coming year, state owned industrial combines and enterprises must reduce prime costs by 2.3 percent (including a 2.4 percent lowering of materials costs).

The combines and enterprises of the construction industry and the transportation system, agriculture, forestry and the food industry, telecommunications, commerce and the services sector also must endeavor to lower costs and as rationally as possible use available material and financial funds in the spirit of intensification.

The Council of Ministers draws attention to the fundamental lesson learned as a result of the work of the combines, namely that countrywide and lasting success in cost reduction is largely based on the results of science and technology. The "Walter Ulbricht" Leuna Works Combine, the Eisenhuettenstadt "Hermann Matern" Steel Strip Combine, the Teltow Electronic Components Combine and many other combines that reliably meet all main indices of performance rating, also achieve above average prime cost reductions, because the tasking workbooks for research and development already set challenging targets with regard to the greatest possible economic efficacy.

In these combines the introduction of new products, technologies and processes is indivisibly linked with a higher level of further processing and the significant improvement of the mass/performance ratio. At the same time



they maintain the unity of smooth flowing production, high product quality and lower costs.

Close cooperation between combines and GDR research facilities has been very useful with respect to the economy of the entire reproduction process. Among the satisfactory experiences is the fact that scientific-technological measures take effect at the earliest possible point in time, confirmed efficiency indicators are fully included in the plan, and their realization is constantly monitored.

#### M13 Billion for Science and Technology

In the coming year also our government will spend significant amounts on the targets set in the field of science and technology by the 1987 economic plan. The plan draft on the table allocates a total of M13 billion for this purpose, including M3.4 billion from the budget.

In connection with the adoption of the latest scientific-technological findings, all management needs to devote the utmost attention to the most efficient use of investments for the continuing modernization of fixed assets.

The draft plan for the 1987 economic plan provides for investments in the amount of M68.4 billion. The necessary financial funds have already been secured. Money allocated from the budget primarily serves to finance nationally important projects related to the key technologies, the energy industry and environmental control.

Consonant with the pertinent resolutions adopted, the Council of Ministers draws special attention to the need with regard to every project to meet the challenging requirements of the economic policy as relating to the use of investment funds coupled with the utilization of the possibilities offered by the internal construction of rationalization aids. The economic plan and the budget plan are based on the assumption that the new capacities will be punctually completed and fully production and performance effective at the stipulated technical-economic parameters.

Deputies!

The 1987 budget is based on the objectives enumerated by Comrade Erich Honecker, general secretary of the SED Central Committee, in the Central Committee Report to the 11th SED Party Congress. These objectives include the need for more rapidly raising the output of crops and animal products per hectare than the expenditure of live and embodied labor.

This is reflected in the growing transfers of profits earned by state-owned farms and enterprises of the food industry as well as the taxes paid by agricultural producer cooperatives.

In this sector of our national economy, too, stable rates of output growth call for the economical management of materials, energy and fixed assets, for satisfactory product quality, new processes and technologies as well as optimum labor organization.

As in the past, this approach to the intensification of socialist farming will be financially sustained by production promoting measures. The plan draft before you allocates a total of M2.3 billion to be used by the local councils with the greatest possible economic efficiency.

### The Spirit of Socialism Imbues Our Plans

Deputies!

Fully conscious of its obligation as a cornerstone of socialism and peace in the center of Europe, the GDR does everything possible to at all times meet its internationalist responsibilities. In his concluding address to the Third SED CC Plenum, Comrade Erich Honecker, general secretary of the SED CC, stressed that we are resolutely continuing with our peace policy, the policy of dialogue and cooperation.

At the same time it is imperative at all times to guarantee the reliable defense of our socialist achievements. The 1987 budget plan therefore allocates M15.1 billion to national defense.

Deputies!

The daily life of the people of our country is characterized by guaranteed jobs and social security, free educational opportunities for everyone and special encouragement for the next generation, good medical care and conscientious care for the aged.

Consonant with the spirit of socialism we are using the substantially greater capacity of the national economy to secure and further improve the material and cultural standard of living of our people. This is quite evident also in the 1987 plan draft.

A total of roughly M28 billion will be spent in 1987 on the construction, reconstruction and modernization of housing, the preservation of the housing stock regardless of the type of ownership, and the management of state and cooperatively owned housing. This includes M15.8 billion from the budget. Almost M4 billion are earmarked for the modernization of housing and for repairs to the housing stock, a rise to 107.2 percent by comparison with the previous year.

The Council of Ministers asks local councils and the construction industry to devote special attention to consistent conformity with the criteria for efficient housing construction and to the strict observance of the cost standards decided.

The plan draft before you takes account of the notion, reaffirmed at the 11th SED Party Congress, that socialism needs all creative abilities and talents, requires and therefore produces lots of all-round trained, highly skilled and talented people. It is in this spirit that the government's spending on the

education and training of the new generations has always taken pride of place in the budget.

In 1987 we are allocating M13.5 billion to popular education, professional training and adult education as well as to the university and technical school system. This is M518 million more than in 1986. The budget makes available M4.6 billion to the 10-grade secondary schools, expanded secondary schools and secondary boarding schools. It also allocates M1.6 billion to the care for and education of children in nursery schools.

A total of M950 million is planned for 1987 student and child nutrition. As a result of the allocation of these large amounts, every child and every student can nowadays be guaranteed a hot lunch and fresh milk.

Substantial amounts of money are made available for the vocational training of all apprentices as skilled workers. A total of M1.1 billion is being allocated in 1987 to finance theoretical vocational training, the housing and feeding of apprentices in residential homes as well as the provision of more modern teaching aids. Combine and enterprise funds will account for another roughly M750 million spent on practical vocational training.

### 9.3 Percent Increase in Money Spent on Health Care

Concern for the health of its citizens, the guarantee of the best possible quality and efficiency of the health care and social welfare system as well as the ongoing progress of preventive health care represent a fundamental element of our country's social policy. The draft law on the 1987 budget plan before you reflects that concern in many ways. It provides allocations in a total amount of M23 billion for this sector--M2 billion and 9.3 percent more than in 1986.

A total of M4.6 billion will be spent on payments of children's allowances and maternity and pregnancy benefits, paid leave for mothers in the first year after birth and to look after sick children. The allocation of this money fully guarantees the financing of the measures taken following the 11th SED Party Congress resolutions and involving a raise in children's allowances from 1 May 1987, the further improvement of the working and living conditions of families with children and help for young couples. The 1987 plan draft earmarks a total of M1.8 for these purposes.

Hospital, clinic and nursing home care and treatment for the public will be allocated M4.9 billion, medical treatment in polyclinics, health centers and state medical offices M2.6 billion.

Other substantial budget moneys will back up the extensive measures for social care for working mothers and their children. One example is represented by the M1.3 billion allocated for day care centers. This will make sure of the satisfactory availability of places in such centers.

## The Budget Encourages Cultural Life, Sports and Recreation

Concern for and attention to senior citizens and veterans of labor, the creation of suitable conditions for a meaningful evening of life reflect the humanist nature of the socialist society. The steadily better satisfaction of the need for appropriate housing, rent subsidies, concessionary fares on public transport, special prices for cultural and sports events or the steady expansion of health care and social welfare as well as the many new places in senior citizens' and nursing homes--all that is real humanism in our country. In 1987, too, the budget will make substantial moneys available for these purposes. M17.1 billion have been earmarked to guarantee the lawful claims of social security recipients--seniors and invalids.

The implementation of the main task in its unity of economic and social policy is intimately linked with the development of a diversified intellectual-cultural life for our citizens, with the meaningful organization of their leisure. Our socialist government promotes all this by making available more and more material and financial funds for art and culture as well as sports and recreation. This draft law allocates a total of M3.5 billion.

Substantial amounts have been earmarked for financing general and tourist facilities for young people. In 1987, M654 million will be made available, providing increasing opportunities for the organization of leisure responding to the diverse interests of juveniles as well as for eventful vacations for children, students and youths. Parents of one or two children will continue to pay M12 per child to spend 3 weeks' vacation in a central Pioneer camp; even greater concessions are in effect for families with more children.

The Council of Ministers emphasizes the great responsibilities of state organs, enterprises and facilities for everywhere using the increasing government allocations to the best greatest sociopolitical effect in 1987. Resolute performance comparisons and the constant exchange of best experiences should help quickly to level persisting unjustified differences in the standard of cost/performance ratios and develop further reserves for the well-being of our citizens.

### Great Responsibilities for Local Councils

#### Deputies!

In conformity with the national targets, the draft law before you provides revenues and expenditures in the total amount of M53.1 billion for local budgets.

The Council of Ministers specially stresses the need to further raise the contribution to the national income of kreises and districts by increasing their revenues. This requires them to make great demands on the improvement of the cost/profit ratio in the sectors directly managed by the local councils, primarily farming, district managed industry, district and kreis managed construction, the wholesale and retail trade, locally managed public transport, the services sector and public utilities.

It is imperative to utilize in the interest of output growth and the citizens' well-being the lessons learned by our communities as a result of the discussions held by the SED Central Committee and the Council of Ministers on the one hand and the chairmen of kreis councils and chief mayors on the other.

We must also emphatically affirm that the 1987 budget expenditures in Berlin, the GDR capital, will fully guarantee the financing of the measures decided upon for the further organization of our capital as the political, economic, scientific and intellectual-cultural center of the GDR and, in particular, the 750th anniversary of Berlin's foundation.

On behalf of the Council of Ministers I am able to inform you that in 1987, too, all cities and villages will once again have available funds of the people's representations to enable us to proceed with financing the growing citizens' initiatives in the mass movement "beautify our cities and villages--join in!"

Based on resolutions adopted by the local people's representatives and with the active cooperation of the National Front committees, these moneys will primarily serve to carry out measures of regional rationalization as well as further improve the housing, working and living conditions of our citizens.

Deputies!

The Council of Ministers expresses its conviction that the 1987 budget will effectively help the purposeful realization of the Elventh SED Party Congress resolutions. These will resolutely continue to pursue the policy aimed at the well-being of the people and human happiness, the all-round strengthening of socialism and the preservation of peace.

On behalf of the Council of Ministers I request you to approve the draft of the law before you.

11698

CSO: 2300/206



## ECONOMIC POLICY'S CURRENT, PERENNIAL PROBLEMS EVALUATED

West Berlin FS-ANALYSEN in German No 4, 1986 (signed to press Dec 86) pp 9-24

[Article by Prof Dr Gert Leptin of the Osteuropa-Institute of the Free University of Berlin (West); paper was presented at the 12th symposium of the (West Berlin) Research Institute for Inner-German Economic and Social Issues. The theme for the symposium is entitled: "The GDR Economy Under Pressure to Perform and Subject to Forced Innovation." Original title of the paper: "Current and 'Not-So-Current' Problems in the GDR's Economic Policy"]

[Text] Observers of this year's 11th SED Party Congress were unanimous in at least one respect: It differed fundamentally from the 27th CPSU Congress held earlier. While the latter featured severe criticism of the prevailing conditions and called for far-reaching change, the SED Party Congress was characterized by self-assurance, almost complacency: It was dominated by reports of successes in the past 5 years; the delegates felt they were moving in the right direction; and a long-range policy had been worked out for the accomplishment of future tasks--in short the situation was represented just as it tends to be at a pre-election party congress shortly before a Bundestag election. Nevertheless we must not forget that we are dealing not with a basic but a temporary difference: Similar criticism was to be heard in the early stages of the Honecker era--regarding conditions for which his predecessor was held responsible.(1)

On only one occasions has there been genuine autocriticism, at the zenith of the Ulbricht era, when, in 1963, the so-called "Critical Assessment of the Former Method of Planning and Managing the National Economy," was published together with the "Directive to the New Economic System." (2) The list of defects recorded therein may still be used as an example of the extent of autocritical analysis possible in the GDR and, moreover, serve to identify not only currently important (in other words topical) problems but those that are perennially important or repressed by reason of their intractability and, therefore, described as 'not-so-current' only in this meaning.

A brief remark regarding the fact that not a single problem was indicated at the 11th Party Congress: Minister Alois Mertes (who died 18 months ago) at one time said that it was the legitimate task of a parliamentary opposition to underline the negative aspects of government decisions, in other words to illustrate the costs of the respective policy. This fact explains why, in



contrast to the optimism of the government, every opposition is bound on principle to paint a somber picture and later--when it forms a government--unconcernedly to carry on exactly the same policy. The former opposition--now the government--is compelled to do so because it would otherwise run the risk of being saddled with the costs without benefiting from the possible yields.

No legal opposition exists in the GDR and, for that very reason, there is no frank discussion of any problems. Anyone who nevertheless discerns problems and submits them to discussion, thereby declares himself in opposition--and is there any government that likes opposition? Nevertheless, almost 5 years ago Herbert Meissner raised the question of whether it would not be useful to take to heart and profitably process the criticism leveled against socialism by some of the more realistic bourgeois students of the East. He himself provided an interesting answer: "Antisocialist criticism is in fact based on genuine defects in the socialist economy and its management and planning. Many of the problems described cannot be denied. On the other hand we must return a resounding no to the question of whether our economists might gather new information or obtain new scientific perceptions from antisocialist literature. After all, we are much more familiar with our own problems." (3) In other words, Western analyses may yield new--though of course not Marxist--perceptions as well as new approaches not characterized by management's blindness with regard to these problems.

I intend now in this spirit to discuss some selected problems arising from GDR economic policy. I will leave out, as far as possible, the various sectors that will be dealt with in detail by subsequent speakers. The problem selection tends to be more exemplary than systematic.

If we once again compare the SED party congress with the CPSU congress, it is evident that the widest differences occurred in the evaluation of the necessity for "further development," in other words the reform of the economic system. Though that is quite understandable against the background of the differences in GDR and USSR economic development (despite all the problems still persisting in this respect in the GDR, too), it is surprising all the same to note the insignificance of the issue of the economic system in the current economic discussion of the GDR. That applies to the system of ownership just as much as to the methods of economic control.

Issues of ownership have ceased to be a problem in the GDR since the nationalization of semi-state enterprises in spring 1972. In his article on "Management, Planning and Economic Accounting in the GDR's National Economy," (4) Guenter Mittag was able--following a brief mention of the almost completed socialization--to confine himself to the following description of the residues of the private economy: "Furthermore, private craft enterprises, private retail businesses, commission agent businesses and other commercial entrepreneurs represent an integral element of the national economic mechanism. That is very important indeed for the provision of repair and other services to the general public and for the diversity of merchandise on offer. At the same time we thereby preserve traditional and indispensable abilities and skills." That is a pertinent and comprehensible description of the situation, in particular with respect to the importance of private craftsmen for repair service. It explains why the fluctuation in the

treatment of private craftsmen predominant since the 1950's was replaced in 1976 by cautious encouragement. It continued this year, too, by more tax concessions.(5) Still, despite some new establishments, this policy has not been able to prevent the steady decline in the numbers of craft enterprises. In the context of the ownership system, this year's "Order on the Part-time Work of Citizens as Taxi Drivers" (8) caused something of a stir in the West. It was interpreted as something akin to the toleration of private taxis. Disregarding the fact that there have always been quite a lot of private taxis in the GDR, this interpretation of the order is entirely wrong. Actually it is designed to provide formal authorization for occasional rides given members of the public (for payment) in private cars. When we look more closely at this order and note the need to obtain a permit, the conditions for the issue of such a permit, the agreement needed between part-time taxi drivers and local taxi companies and, lastly, in Article 12 the introduction of fines ranging from M10 to M1,000, we are bound to suspect that the order is really intended to prevent cost sharing of people given a ride in private cars. It would be most illuminating to find out how many permits will be requested and granted in the course of a year.

Maybe my interpretation of this order as an obstacle is also wrong. Possibly all that is involved is the ubiquitous addiction (not confined to the GDR either) to bureaucratic overregulation, without any sense for appropriateness and the possible effects. Another current climactic example of this kind of attitude in the GDR is the "Order on the Legal Status, Guidance and Financing of Carnival Clubs Managed Without Remuneration."(7) This is recommended reading. The order could easily be used as a parody in GDR cabarets--without any revision--possibly also on the occasion of carnival celebrations.

At the party congress Erich Honecker phrased the general and binding verdict on the management system as follows:(8) "The German Democratic Republic boasts a well-functioning system of socialist planning. It is proving itself efficient, dynamic and flexible." The combines and their direct subordination to the ministers represent the basis of the organization of the economy. This serves primarily to simplify state planning and balancing and facilitates the assignment of responsibilities. According to Honecker and Mittag, the organization of the economy will continue to concentrate on the combines. They are to become integrated production units where the reproduction process "...in principle ranges from the raw material, the first material, to the higher stages of further processing."(9) The combines are meant to themselves produce the components that determine quality and develop their own rationalization and construction, "...so that the main items involved in the modernization of fixed assets and the introduction of new products can thereby be realized."

This concept of combine self-sufficiency is supplemented by organized cooperation between combines and the research institutes of the Academy of Sciences and universities. The advantages include on the one hand independence of suppliers who are not subject to the influence of the purchasing combine (seller's market), the easier combine internal coordination of production with the demand for components, and on the other in the combines' greater influence on research and its direct harmonization with the requirements of production.

At the same time, this arrangement also involves hazards and disadvantages: The strict orientation of research to production needs necessarily cuts the time frame of research policy and, therefore, proceeds at the expense of basic research. Furthermore, it reduces the chances for fundamentally new processes or products getting within reach of the realm of production possibilities. Lastly this policy means that today's problems are judged more important than those likely to arise tomorrow or the day after. In the long term that is quite dangerous, just as dangerous as the combine self-sufficiency actually planned. Though the combine becomes independent on the supply side, it turns into an uncontested monopoly on the sales side--and the possibilities for abusing this situation are not lessened by their representing state monopolies in a system of government economic control. Finally, as in any self-sufficiency situation, combine self-sufficiency diminishes the opportunity for specialization and the productivity growth it brings about. Basically the decision for a policy of combine self-sufficiency represents a damning verdict on the efficiency of government economic coordination. It is the result of a cost comparison: Combine self-sufficiency, in other words total economic disintegration, makes economic sense only if the costs of state planning and management (involving in the first line defective coordination and, therefore, delivery and production losses) are thought to exceed the cost benefits to be achieved from output growth by specialization. It may well be that this condition does prevail in the GDR.

Another justification of this concentration of the total economic organization is the conviction that the necessary rise in performance and innovations can more easily be carried out in this framework than in a decentralized business administration. This may be so but evidently needs proving--an opinion obviously shared by economists in the GDR.(10) This makes it hard to understand the peevish criticism in an article on "bourgeois socialism criticism" about Western skepticism regarding the possibilities for innovation in the GDR economy to date.(11) Maybe the differences of opinion can be reconciled by the following more detailed explanations:

1. There is no doubt of the GDR's basic and factual capacity for innovation, in other words the presence of the necessary scientific and economic-technical capacities. On the other hand, the obstacles to innovation in the GDR (and such obstacles occur in every economy) weigh particularly heavy. They include firstly the unwieldiness and inflexibility of the planning system and the general disproportion between risks and opportunities for those enterprises that endeavor to introduce more than purely formal innovations. Of course some enterprises and combines are little affected by these obstacles to innovation--one example is the Jena Carl Zeiss Combine VEB that enjoys priority in every respect. Other enterprises and combines have a harder time.

2. Of course, despite the obstacles cited, many innovations are in fact adopted by the GDR economy--as by every other economy. However, it is not up to the Standardization, Measurement and Commodity Testing Office or other official agencies to evaluate these innovation, to judge whether they are important or unimportant, successful or unsuccessful--the market alone is competent to judge. This judgement may vary enormously, because--after all--the market is not uniform. It is either the GDR domestic market, the CEMA



market or the western world market. Superficially the GDR may be content with appreciation by the CEMA market but, ultimately and in the long run, it needs its products to succeed on the world market. If they fail there, the innovation is unimportant.

3. Lastly we cannot deny that the GDR is scoring with some of its innovations on the world market, in other words makes available technically competitive products. Price competitiveness is usually assured by the pricing system for export products--if not with respect to the economy as a whole, at least product related. Such internationally competitive products come mainly from the traditional key areas of the central German economy. Examples are printing equipment, optics (see Carl Zeiss, Jena), and measuring equipment. In general, though--and that is the nub of the problem--the range of technically challenging products, competitive on the world market, remains far too narrow. That is the real innovation weakness of the GDR economy. It remains to be seen whether it will be dealt with by the combines.

The problem is further complicated by the current speed of technical advances in the developed western industrial countries. A few years' delay are apt to almost wipe out the economic value of a technical innovation. The frequently mentioned 64 k-RAM chip from the Microelectronics Combine offers a prime example: It was not ready for mass production until 5 years after Siemens offered a comparable chip. The full import of the economic-technical rate of advances in microelectronics is evident when we transfer the developments governing these advances to other sectors of the economy. The following may serve as an example: When the first scientific pocket calculator was launched in the early 1970's, it cost DM1,900. Today a similarly efficient device can be had for DM15. If the development of the price/performance ratio had been the same, a Rolls Royce costing some DM25,000 25 years ago would now cost only DM5 and have a length of no more than 10 cm. The GDR needs to do more than keep up with advances. If it wants to make up arrears, it needs to develop faster. At the moment, though, it lacks essential preconditions for doing so, in particular those that cannot be provided by the traditional policy of placing the entire emphasis on certain key areas--such as mass consumption as the major support of the development of microelectronics, typical for development in the Western industrial countries.

Key areas thus represent the basic procedure intended by GDR economists to catch up with the technological development of the Western industrial nations--a method now being attempted in the GDR for the third time. The last attempt was Walter Ulbricht's program for the chemical industry, launched in the late 1950's. It ended with the abandonment of the 7-year plan and the new methods for investment control within the framework of the New Economic System. When these methods turned out to be inadequate, priority planning and balancing was introduced for "structure determining products" in the late 1960's--Walter Ulbricht's final phase--and propagated with the catchword "overtaking without catching up." Guenter Mittag was the man chiefly responsible. This concept failed in 1970/1971 due to the considerable disproportions caused by it between the priority industries and the so-called component industries. The third attempt, now embarked upon, concentrates on the so-called "key technologies"--apparently the most overused slogan of this year.

I am unable here to offer a detailed comparison of these three key point strategies.(12) Nevertheless, some essentially common features and differences are evident: All three attempts share the basic problem of any establishment of key points--the inevitable neglect of other areas. As the example of 1970/1971 demonstrates, this neglect may cause the entire strategy to collapse. The danger is the greater the more developed and complex the respective national economy--at least if the priority treatment is handled administratively rather than by making more money available. The three attempts differ fundamentally with regard to the nature of the key points: While the first involved an entire industry--chemicals--, the second emphasized certain end products or production processes. The new strategy has even more differentiated emphases and encourages almost everything that resembles the latest international production technology and may be used for the greatest variety of products and in all sectors of the economy. Two sentences from Guenter Mittag's abovementioned article (13) demonstrate how much the GDR authorities hearken back to the experiences of the last years--even if it is matter of terminology alone, "Based on a basic national interest rate for fixed and circulating asset loans, interest discounts will be granted in some circumstances (NOeS [new economic system]). This is to help carry out innovation projects with greater efficiency, in particular measures for the already speeded-up use of key technologies (the latest strategy) as well as for the observance or undercutting of the time needed for the implementation of national structure determining investment projects (1988/1989 concept).

The constant repetition of the slogan of the key technologies obviously raises the question as to the interpretation of this term, and how anyone can be sure that they are the key to the future. According to Honecker and the directive to the 5-year plan, key technologies include microelectronics, the use of modern computer equipment and computer-backed design, planning and production controls (CAD/CAM), automated manufacturing systems, new processes and materials, biotechnology, nuclear energy and laser equipment.(14) When we seek the reasons for this selection, it comes as no surprise that the sectors listed absolutely coincide with the "CEMA Countries' Complex Program of Scientific-Technological Advances Through the Year 2000," enacted by CEMA in December 1985.(15) These in turn conform to the results of a study on the key areas of technical progress in the US, published by A. Dynkin in No 7/1985 of the journal of the Moscow Institute for World Economy and International Relations. In other words, the main endeavor continues to be to pinpoint and catch up with significant developments, while any other autonomous structure determinations must content themselves with a secondary role. If we wish to illustrate this with slogans from GDR history, the watchword is once again "catching up and overtaking," not--as at the end of the 1960's--"overtaking without catching up."

In addition to the issue of autonomous or catch-up structure determination, another problem is represented by the steadily widening differences between the labor and capital productivity in the various sectors of the economy. If we accept that the GDR has advanced considerably in the employment of flexible automated manufacturing centers--even by international criteria--,(16) this may be justified from the economic standpoint, provided these are

experimental and demonstration projects. We still know nothing about the profitability of these facilities, because that does not really matter in this case. If, on the other hand, we assume that these manufacturing centers are really more productive than their traditional competitors in the GDR--and not only because any comparisons of profitability do not fully take account of the larger capital costs (capital interest and rates of depreciation) and because the smooth flow of materials supplies is not guaranteed only a la Adolf Hennecke--, we need an answer to the question of whether the productivity differences reflected therein correspond to the overall economic conditions in the GDR. In other words: The total economic increase in wealth tends to be greater if scarce capital equipment is directed to neglected sectors instead of widening productivity differences by excess investments. Though the theory of growth includes the doctrine of unequal growth, we cannot simply accept any imbalance but need to try for optimum growth imbalance and, secondly, the incidence of imbalance tends to lessen as development advances. Given the fact that the GDR is evidently not a developing country but has a highly industrialized economy, much seems to speak for a policy designed to lessen productivity differences and obtain more equal growth. On the other hand, productivity differences are inevitable in connection with structural changes. However, they need not be deliberately widened.

The concept of structural change leads us to the last problem we need to deal with in connection with structural policy. Structural change cannot mean the creation of new productions only. It necessarily includes the abandonment of unprofitable or obsolete productions. Where, when and according to what criteria are decisions made with regard to closures? In the market economies the market abandons these enterprises, they go bankrupt--unless the government wishes to save jobs or has other reasons for granting subsidies. State-owned enterprises cannot go bankrupt--but they may be ruined by the refusal to let them have replacement investments. Possibly that is the way it is done, because we only heard a mention of major closures and conversions once: When the aircraft industry was liquidated in 1957. But what is the situation with regard to some other sectors of the economy? What about petrochemicals: Is it still worth while manufacturing them or is that industry kept alive only by inner-German trade? What is the situation in ship construction? The shrinkage of this industry is speeding up worldwide, but it flourishes in the GDR. It boasts full employment--mainly due to Soviet orders. Is it profitable because the Soviet Union pays above world market prices for the large series ordered--just to preserve these capacities because it needs its own for the naval program--, or does it operate with extremely high productivity due to the large series, or is it simply being subsidized? Our own experiences have taught us that this can be kept up for quite a long time, but eventually--due to the pressure exerted by the international market forces and the compelling need to innovate arising from them--an adjustment has to come. After all, we no longer produce mail coaches in order to nostalgically drive through the scenery.

The question therefore remains when and on the basis of what criteria production shifts and closures occur in the conditions of a deficit economy--to use the Soviet term for an economy perennially plagued by excessive demand.



it will in fact be carried out, nor is the successful completion of such a project prevented if it is not included. The completion of the Mukran ferry port on Ruegen offers a persuasive example. The 5-year plan is primarily a signpost, a tool for confirmation and motivation. The problem of plan fulfillment may well be important for propaganda purposes; it is totally irrelevant for enterprise operations. The enterprises are interested only in the annual plans or even shorter-range plans. The most important problems resulting from this set-up are just as unresolved now as they were in 1963: They are the perennially recurring "discontinuities in the course of economic operations" and the "incentive to draw up 'soft' plans."(19)

The various subsidies present another not so current problem I have not so far mentioned. The 1963 reform plans aimed (among others) at eliminating subsidies, and the authorities actually managed to reduce them by half--a result that is no more than a dream now in the FRG. In the GDR it is not even a dream. And yet the adverse effects on the GDR are also very serious indeed: Dr Cornelsen's report on the plan directive (2) in DIW WOCHENBERICHT, stressed that subsidies result in waste with regard to the so-called products of basic demand. The same waste tends to occur with respect to subsidized commodities in the production sector, although rationing and the standardization of consumption do attempt to provide some correction. The distortion of the price structure resulting from subsidies is just as serious as the trend to wastage. If the authorities wish to obtain a realistic assessment of the actual costs, this distortion requires considerable correction with respect to major investment calculations and the computation of export profitability. In any case, there is quite a danger of miscalculations and subsequent costly errors in decisionmaking.

Perennial problems also and obviously persist in the offer of industrial consumer goods and foods to the general public. Surprisingly, the directive to the 5-year plan once again mentions the famous "1,000 small items" of daily life--in at least three places. We are bound to conclude that the offer of these "1,000 small items" is still as inadequate as at the time that Walter Ulbricht coined this phrase in the early 1960's. We are also bound to ask ourselves what impression the general public may get from the fact that it was promised an end to these difficulties for more than 20 years, but that no real relief was ever provided.

Much progress has been achieved in recent years with regard to supplies of industrial consumer goods. Still, we may assume that these advances are not enough to exert the desired effect--that is performance stimulation by performance-related wages. This assessment is reinforced by the substantial increase in savings on the one hand and the persisting bottlenecks with regard to furniture, color television sets (although they cost 3-4 times the average monthly earnings) and, not least, cars. Although recently delivery delays were extended to more than 10 years (sometimes 12 years), output is not to be speeded up. On the contrary: While car production rose by 19 percent in the period 1980-1985, the present plan directive provides for a 14 percent increase only. The electrical engineering and electronics industry, on the other hand, is targeted to raise its total offer to the general public

At the end of this section I will briefly sketch a few more current problems confronting GDR economists. There is first of all the necessity in future also to reduce specific raw materials and energy consumption. The GDR has made notable progress in the past 5 years. It managed to do so while maintaining investment neutrality; in other words, it relied largely on the administrative tightening of consumption standards. Our GDR colleagues agree that these sources are just about exhausted; the measures used cannot be repeated. The future will call for scientific and technological advances and, therefore, innovations. The growth targeted through 1990 cannot be achieved by any other means.(17) No answer has evidently been found yet with regard to the criteria governing the distribution of these investment resources. They will probably be most effective in the sectors that hitherto suffered the most neglect, and these would have to be given preference in the allocation of investment resources. In that case planning would need to be radically rethought.

As No 4 of his key points of the economic strategy, Erich Honecker stressed the need for the best possible product quality and the constant renewal of production. I will make this the subject matter of my concluding discussion of some not so current problems. Let me explain once more what I mean by "not so current." While the term "current" is equivalent to "important at this point in time," I do not wish to give the impression that--exceptionally--by "not so current" I mean "not only currently important." The problems involved have plagued GDR planning for decades and obviously did not lend themselves to resolution. One of these problems is the above mentioned product quality. I have earlier cited the "critical assessment of the planning and management practice in the national economy," published in 1963. This already said that "the responsible managers of the VVB's and enterprises were not given enough incentives for being interested in quality." Nothing has changed in that respect. It seems that complaints are not limited to Erich Honecker--GL consumers are even more upset. For them it is an added annoyance that the government has returned to the HO [state trade organization] methods of 1948, in other words a policy of split pricing: Better quality commodities manufactured in the GDR are withdrawn from normal trade and offered at much higher prices in special stores.

The other complaint of 1963 referred to the fact that "planning methods...have so far been almost exclusively (preoccupied) with annual planning," because "...the decisive economic levers were linked to the fulfillment and overfulfillment of annual plans."(18) The situation is no different today--with the exception that, after a few trials of other indices, the original main indicator "gross industrial production" was replaced by the four indicators net production, net profit, goods and services for exports and goods and services for the general public. It will need day-to-day experience before we can judge whether these indicators really have the same weight, or whether one of them enjoys preference or indeed whether another one entirely--possibly to be reported in passing on a form cover--is actually given priority.

There never has been nor is there now any chance of success for the intention to make the 5-year plan the main tool of control with respect to economic development. Inclusion of a major project in the plan does not guarantee that

and export (!) by 8 percent annually, but only color TV sets, hi-fi equipment and radio cassette recorders are mentioned. The directive has nothing at all to say about video recorders or personal computers.

Telecommunications and, especially, private telephones offer another example that, despite widespread demand, development is slow, and existing regional differences tend to grow even more marked: The private telephone density in the GDR is only a quarter of that in the FRG.(21) East Berlin accounts for about 25 percent of all private telephones in the GDR, double the average in the GDR as a whole. The quality of telecommunications, in other words the reliability of connections, tends to be defective. Nevertheless the directive to the 5-year plans provides for no more than 3 percent annual growth with a third of new telephone connections earmarked for East Berlin, though the city has only a 20 percent share of new housing.

The same defects--the lack of availability at various times and in various regions, poor quality and inadequate assortment--were also reported in a recent study on the supply of foodstuffs. While the author noted that no GDR citizen goes hungry, he summed up by saying that food supplies in the GDR were unsatisfactory to this day.(22)

On this note I will conclude this survey on current and perennial problems of GDR economic policy. I deliberately adopted the standpoint of the opposition. The government party represents the situation in a much better light. It is entitled to do so. Still, let me end by once more indicating the comparison between the SED Party Congress and the CPSU Congress: That much complacency in the face of so many hazards and defects does not exactly lend credibility to this ruling party by comparison with the other one which has no legal opposition either. The old catch phrase "learning from the Soviet Union means learning to conquer" may by now have been largely superseded. It is certainly not obsolete with respect to realism in the assessment of the GDR's economic situation and its ability to conduct autocriticism.

#### FOOTNOTES

1. Karl C. Thalheim, "Current Trends of Economic Policy and Economic Planning in the GDR," FS-ANALYSEN No 11974, p 2.
2. GESETZBLATT DER DDR, Part II No 64/1963, pp 482ff.
3. Herbert Meissner, "New Trends in the Bourgeois Criticism of Socialism--The Reflection of their Defensive," WIRTSCHAFTSWISSENSCHAFT No 3/March 1982, pp 336-349.
4. Guenter Mittag, "Management, Planning and Economic Accounting in the GDR National Economy," EINHEIT No 10/ 1986, p 878.
5. "Fifth Implementing Regulation to the Law on the Taxation of Craftsmen, of 11 February 1986," GESETZBLATT DER DDR, Part I No 13, 15 April 1986.
6. GESETZBLATT DER DDR, Part I No 28, 4 September 1986, pp 393-395.

7. GESETZBLATT DER DDR, Part I No 26, 16 August 1986, pp 382-383.
8. NEUES DEUTSCHLAND, 18 April 1986, p 5.
9. Ibid, p 6.
10. See the lecture by Prof Dr Wolfgang Heinrichs, Central Institute for Economics at the GDR Academy of Sciences, at a conference organized in Washington by the American Institute for Contemporary German Studies at Johns Hopkins University in May 1986. "Workshop on the GDR Economy--Proceedings--," edited by Irwin L. Collier, Jr, Washington, D.C., 18 May 1986, p 76.
11. Rolf Espenhayn, "Bourgeois Criticism of Socialism in Increasing Conflict with Socialist Economic Practice," WIRTSCHAFTSWISSENSCHAFT, No 8/1986, pp 1157-1170.
12. Aside from the economic priorities arising from these strategies, we must not forget the perennial priorities imposed by politics. These include, among others, supplies for the security organs, the National People's Army (see delivery decree), exports to the Soviet Union and some exports to the hard currency regions.
13. Guenter Mittag, as before, p 882.
14. NEUES DEUTSCHLAND, 18 April 1986, p 6 and 23 April 1986, p 5.
15. NEUES DEUTSCHLAND, 19 December 1986.
16. "The GDR Economy 1986-1990," DIW-WOCHENBERICHT No 31/1986, 31 July 1986, p 394.
17. Wolfgang Heinrichs, as before, p 77.
18. "Critical Assessment....," as before.
19. Ibid.
20. "The GDR Economy 1986-1990," as before, p 395.
21. "Zahlenspiegel Bundesrepublik Deutschland/Deutsche Demokratische Republik. Ein Vergleich" [FRG/GDR Statistics--A Comparison], Bonn 1986, pp 32/33.

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## NATIONAL ECONOMY: RECENT STATISTICAL PROFILE, PAST PERFORMANCE

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[Article by Dr Doris Cornelsen of the German Institute for Economic Research (DIW) in Berlin (West). Dr Cornelsen's paper was presented at the 12th symposium of the (West Berlin) Institute for Inner-German Economic and Social Issues which was convened on November 20 and 21, 1986. The symposium addressed the theme: "The GDR Economy under Pressure to Perform and Subject to Forced Innovation." Original title of article: "Assessment of the GDR Economy."]

## [Text] 1. Comments about Statistics

The mathematics necessarily connected with assessing the GDR economy will normally lead to the question about the strength of evidence and the completeness and accuracy of the data involved. Statistics from the GDR--as from other CEMA states--often run into more or less pronounced reservations. Yet at times their reliability is in principle recognized, too. As Jan Vanous of Plan Econ put it, pithily, at a workshop on the GDR economy in May 1986 in Washington: "It seems to me the Prussian tradition with statistics has not been completely lost in the GDR."<sup>1</sup>

We shall briefly discuss the reliability of the statistics under two aspects: for one thing, in terms of systematic errors and then, of deliberate falsifications.

It is characteristic of the reporting system in the socialist planned economy that statistical reports are identical with the enterprise plan fulfilment reports. They in turn affect the financial situation of the enterprises and also the planning authorities' assessment of their "reserves." It is an accepted fact that thereby a systematic error of unknown size and trend is entered into the primary material, even if it is to be granted that the central administration for statistics is likely to contain that error through strict regulations and controls.

The Western literature on the CEMA countries points to another systematic error in the statistics: the evaluation of new products. In the normal method for price adjustments products of any subsequent period are priced in terms of the base period. That is difficult for new products that have nothing comparable in the base period. The problems with new commodities are a general statistical



phenomenon, yet their importance differs as between centrally planned and market economies. In a planned economy, prices are not formed via free markets but are set under distribution policy aspects and to stimulate production. This problem is also being discussed in the CEMA countries, most succinctly by Mikhail Gorbachev at the June 1986 Central Committee plenum.<sup>2</sup> Western experts in East Europe research all agree that in East European statistics growth is overrated, especially when pressure is put on the replacement rate.

While that view is unanimously accepted, there is much uncertainty about the degree of that overevaluation. An American team around Thad Alton has been computing the social product of East Europe on the basis of volume development for years.<sup>3</sup> That results in growth rates only circa half of the officially published ones. An exclusive use of volumes however harbors the risk of under-evaluation because the quality component is not taken into account at all. There is unanimity on that rates computed like that have a built-in bias toward the lowering trend. A task force under Paul Marer, commissioned by the World Bank, in 1982/83 computed the level and development of the national product in centrally planned economies.<sup>4</sup> The report on it is extremely interesting, methodically and empirically. The consequence, however, was that the World Bank, starting in 1983, no longer published in the World Bank Atlas the national product per capita in dollars and its growth rates for the centrally planned economies.

On the second point: falsifications of the statistics. In principle, each government tends to present the most favorable figures. In the GDR that is found especially in the selection of data and the comments they receive in the plan fulfilment reports. There is unanimity, however, among those who do GDR research in the FRG that the figures published by the State Central Administration for Statistics are not deliberately falsified or manipulated. At least, no proof has been furnished that they were falsified. When things are not working out so well the GDR rather uses secrecy, at times even delimitation alterations, of which there are many striking examples. It would oppose a general falsification of facts in the statistics that, according to all information there is, the published statistics are used also by the economic executive management in the GDR. They are not only the basis for empirical research, economic planning is based on them as well. There is evidently no "double bookkeeping system," one for the published statistics and one for planning.

To sum up: The available statistics are usable. The growth rates, for systematic reasons, are exaggerated; how much, one does not know. That fact does not invalidate the official statistics, especially not for short-term analyses and structural comparisons. On more long-term investigations, however, the systematic error has more of an impact.

## 2. The 1986-1990 5-Year Plan

The 1986-1990 5-year plan was promulgated as law in late November by the People's Chamber.<sup>5</sup> Compared with the directive the 11th SED Congress adopted in April,<sup>6</sup> only few changes were made. Generally, the plan targets fall in the middle of the range proposed by the directive; in a few cases they tend toward the upper limit.



The 1986-1990 targets brought no surprises. The basis for development again are the ideas of the 10th party congress of the "economic strategy for the 1980's." The 10 points of the strategy were reiterated, somewhat more briefly and compactly, at the 11th party congress. Their quintessence: Continuing growth through "intensification," that is through a better use of all resources, specially through scientific-technical progress.

The 5-year plan goals are rather moderate: growth rates around an ample 4 percent; for production that means maintaining the average growth of recent years. It is remarkable that a point again is made now of the "planned proportionate development," which had receded in recent years in the wake of the "crisis management."

If one looks at the various growth factors, one can see what role "intensification" is expected to play:

1. The number of the employed will hardly rise further up to 1990.<sup>7</sup> More employment thus cannot aid growth.
2. Growth is to be achieved with more or less identical volumes of raw material. An annual 1-percent growth is scheduled for primary energy consumption (for energy purposes).
3. The planned investment sum amounts to M 341 billion at 1985 prices (in the directive: M 346 billion). That is more than in the last 5-year plan period when--at 1985 prices--circa M 318 billion were invested. The annual increase is not all that large, though: On the basis of M 62.6 billion (at 1985 prices) in 1985, it is only 2.9 percent per annum.

Labor, material, and energy, thus, remain in short supply. Investment activity is cautious. How realistic these leads are at a growth target of 4.6 percent is difficult to say. Labor shortage has always been predominant in the GDR. But in the past, employment increased somewhat, in the last 5-year plan period alone, by circa 200,000 persons. But now there is hardly any increase left. That is a new situation. Until 1979/80, growth went hand in hand with a parallel or even above-proportionate increase in outlays for material and ancillary supplies. That pattern of growth has changed lately. In the end the growth of production consumption was less than half of that of production. So it is not possible to carry on as before. The energy and material consumption parameters, valid up to the late 1970's, have come to nothing. And it is also uncertain whether the most recent development can be carried on in the middle of the road, whether specific expenditures will or can continue to drop.

Reserves in the GDR are likely to be still large today. Specific energy consumption is still high, products are too heavy and too material-intensive, many production processes are not rational. Continuing the economizing policy aided by structural changes and strict controls may be perfectly possible. Only the prerequisites for it are tougher now, when the so-called reserves of the first grasp have already been consumed. Moreover, even in the last 5-year period, successes were highly uneven. Clear advances in saving and refining were made where considerable investments were placed at the same time (e.g.

in the industrial branches of metallurgy, chemistry, microelectronics). Less successful, on the other hand, was the development in machine building, in "classical" electrical engineering and, particularly, in the consumer goods industry. Well and rationally managed combines are likely to be reaching the limits of all possible savings, as it is. Thus more even than in the past, intensification presupposes targeted investments. The planned sum for investments is--as usual--not broken down in terms of sectors. Whether it suffices, is at least doubtful, whether it is used on target and optimally, is doubtful also. It cannot be precluded that the current setting of priorities might not cause neglecting other sectors still more and, hence, disproportions in growth.

New resolutions evidently have been taken on the theme of investments.<sup>8</sup> An investment fund is to be set up in the combines, into which portions of the amortisations and of the new profit will flow. The combines, so they say, are to be assigned thereby a higher responsibility for producing as well as using the investment funds. The point is made, though, that the size of these subsidies as a normative is preassigned as a state plan parameter. The use under in-house responsibility again evidently is confined to "in-house rationalization means production."<sup>9</sup> All told, one should still not preclude that the combines are given more elbow room thereby and that in the distribution of investments more use is made of enterprise expertise.

Economic management expects a decisive impulse for overall economic growth from R&D, especially from the "key technologies." They are supposed to modernize the production processes, reduce energy and material consumption, develop high-grade products, and improve the entire structure. Among the "key technologies" are--similarly as defined by UNESCO--microelectronics, modern computer technology, especially CAD/CAM techniques, automation, new processing techniques (laser technique) and new working materials, nuclear energy, and biotechnology. Their development and production are to be pushed to an extreme extent up to 1990 for a growth and competitiveness over the long haul. Undoubtedly, with the planned concentration of means on the key technologies, the quantitative targets set (number of components, of the computers, of the CAD/CAM stations) also have to be achieved. The current level of computer technology is, however, still low. The 8-bit personal computers can be used only for very simple developmental tasks, for documentation and plain projecting tasks that are not too ambitious. The production of devices alone, furthermore, does not guarantee the hoped-for success. To be efficiently used, they call for the appropriate environment: trained specialists, local data networks, modern large computer technology, data banks, software. Such a conversion takes time. There can be no immediate success; only over the long run can it be expected. Moderate growth over the next 5 years will thus require enormous efforts.

Foreign trade--as usual--will again be treated rather cursorily and not very informatively throughout the current 5-year plan. Mentioned only is the growth of imports to the socialist countries (+ 5.2 percent per annum). The directive had still stated that for foreign trade with the "capitalist countries," a big export surplus would be needed between 1986 and 1990. That is missing in the 5-year plan--possibly as a reaction to the developments in 1986.

In principle, the initial situation for foreign trade in the mid-1980's is much improved over what it was at the start of the decade. The GDR's indebtedness to the West, as far as it is statistically demonstrated, was almost cut in half in the first half of the 1980's. The terms of trade in trading with the Soviet Union had rapidly worsened in the first half of the 1980's, now they will improve. For all that, the foreign trade problems cannot yet be regarded as settled. The accumulated deficit in trading with the Soviet Union is still large, and the chances of growth for Western exports are not very great. This is all the more true in view of the price development on the petroleum market, which pretty much cuts in half the GDR's previous yields for oil and mineral oil products. And then there is the trend of the rate of the dollar.

### 3. Developments in 1986

The 1986 national economic plan in its basic lines conformed more or less to the proportions of the 5-year plan. Results reported thus far largely conformed with the pre-assigned lines: The produced national income grew by 4.3 percent, in the sector of the centrally managed industry industrial commodity production rose by 4.3 percent and net production, by 8.5 percent.

Deviations from planning came in the investments. For them, the national economic plan had earmarked a sum of M 63.1 billion. The 1985 investments had come to M 62.6 billion, so that the planned increase came to less than 1 percent. In the first half year the investments--according to the ECE in comparable prices--rose by 8.5 percent. The plan fulfilment report for the first half year (effective prices) shows a growth of 14 percent, the price increase for investments thus coming to 5 percent. Already in the last 5-year plan the prices for investments rose considerably. That much follows from the statistics. GDR statistics convert the price basis for the "comparative prices" from 1980 to 1985. The new prices (of 1985) lie roughly 20 percent above the old prices (of 1980). The high real increase in the first half year leads to the conclusion that projects needed at the start of the new 5-year plan period were started up fast.

Developments in foreign trade were conspicuous too. They had planned a turnover increase of 5 percent but in fact, import and export stagnated.

### 4. The Main Task in the Honecker Era--An Assessment

More long-range reflections on assessing the GDR economy should deal with the "main task": Raising the material and cultural standard of living. That objective from the 8th party congress has in essence been confirmed to this day during and outside of party congresses. The "main task," by the way, was already contained in the 1959-1965 7-year plan. In principle, to be sure, the emphasis in the Ulbricht era was placed on the reconstruction of the capacities and raising the investment quota.

As a background one finds in GDR literature essentially two observations:  
--The population's performance willingness is tied in with the supply situation,  
--the standard of living is important for the stability of the socialist order.

When raw material prices rose so much in 1973/74, the premises for further development, for the "main task," also changed. A new formulation surfaced in 1975:<sup>10</sup> "Main task with its united economic and social policies." This reformulation made us take note then. For the time being, it made no difference. After all, even the 8th party congress linked the higher living standard directly with a high developmental tempo of socialist production. Also the "important life experience that our society can never consumer more than has been produced" was already presented at the 8th party congress. Yet it is not altogether to be precluded that the 1975 reformulation was made in awareness of the world economic changes. The point is, it became more difficult to sustain the pre-eminence of the "main task."

To recall:

--From 1970 to 1975 the oil world market price rose more than sixfold, and up to 1980 it tripled again.

--From 1970 to 1980 the world market price for the other industrial raw materials nearly tripled.

--The GDR's terms of trade deteriorated.

--Starting in 1972 already the trade deficits in trading with Western industrial countries grew from year to year, net indebtedness grew around 30 percent per annum.

--In 1975 the trade with the Soviet Union went into a deficit.

That was bound to shift the emphasis to increasing exports. Income increases or raising consumer goods production and supplies slowed down. The first indications showed up in the mid-1970's; by 1978 the trend became measurable.

The lead idea of the Honecker era was kept in spite of it--if in a somewhat modified form. That is seen even at the start of the 1980's. Those were poor years for the GDR population. Supplies became scarce, there often were supply gaps. Even so, economic management sought to screen consumption off somewhat. Primarily, investment activity was reduced, the investment quota in the used national income declined considerably.

Here we shall trace the development of two important partial sectors of the main task--higher wages and pensions and increased consumer goods production.

Wages are seen in the GDR as the "main form of material inducement." Involving the laborers more in production was to improve the performance. In the notions of the distribution policy in the GDR, the average labor income was to increase, in principle, more slowly, to be sure, than the labor productivity.

In the early 1970's wages went up considerably. That growth then--unlike before and afterwards--surpassed that of the produced national income. That equation is likely to be rather problematic. Total wages are a nominal magnitude; the produced national income is a real, price-related, magnitude. Comparing the two developmental lines can suggest the trend of the wage quota only if there are ideas about the overall economic price trend. That presumably was



slight in the early 1970's, which clearly gives the working income more of a share in the national product.

In the mid-1970's they started gradually to change the wage system in the GDR. A purpose of that transformation was to tie the wage more to performance. The centerpiece of the wage reform are the base wages for production workers. The new base wages are composed of tariff wages and essential portions of the surplus wages. Base wages were introduced gradually to industry, the building trade and in part also in transportation. The second priority of the reform goes to wage tariffs in producing sectors for foremen and laborers with technical school or college diploma. In GDR literature one finds as a term that combines both types of income the word productive wages. In 1985, they referred to 4.3 million workers paid according to productive wages, which would be circa half of the total work force.

They left aside the large part of commercial and technical employees (without college and technical school diplomas) working in the production sectors and all those who worked in the non-producing sectors of the economy. For some of those groups wage or salary increases were authorized in the early 1980's, based on the old tariff.

The introduction of productive wages as a rule was tied in with income increases. When looking at the income trend over a period of time, one finds a weakening there, though. Since circa 1978 labor income rises less than before, since 1979, less than the produced national income. Considering that since the late 1970's overall economic price hikes were considerable, the wage rate dropped significantly.

Pensions also rose in the GDR since 1970. The GDR's pension law knows of an automatic adjustment to the general income trend ("dynamization"). From time to time minimum pensions at least are raised in conformity with legal regulations. This happened in 1971, 1972, 1976, 1979, and 1984/85. The raise of 1979, after 3 years already, was unexpected, but it came to match the economic policy concept. The fall of 1979 is regarded in general as the start of a new price policy for consumer goods; more high-grade commodities have in part become much more expensive since. That might have something to do with the raise in pensions in late 1979.

Average pensions rose in the two 5-year periods, 1970-1975 and 1975-1980, by roughly one-third each. Then it took a while for the next pension raise, and there were limits to it. Hence, the average raise of 1985 came only to 10 percent above the 1980 status. Compared with the average net income of the workers, the level of the average pension first clearly improved (1970: 35 percent; 1975: 37 percent; 1980: 44 percent), in the end it slightly declined (1985: 42 percent).

The 8th party congress issued a decisive task for consumer goods production. That had been much neglected in the 1950's and 1960's. With the start of the 1970's consumer goods production became an investment priority. That raised the production capacity in some branches rather remarkably. New construction and capacity expansion were seen mainly where there was a connection with the



housing construction program: As in the textile industry for carpet and curtain production, in the light industry for furniture production. Larger investments were placed in household gadgets, color television sets got started in 1984. Investment statistics for the GDR industry show that the proportion of the light industry rose from 8 to 9 percent between 1970 and 1976. The textile industry's share remained constant, that of the foodstuffs industry rose from 6 to 10 percent.

Industrial investment statistics were halted in 1977. Their last reporting year was 1976. More recent data (1980 and 1983) on the proportionate shares of the industrial branches in investments can be found in the ECE annual reports.<sup>11</sup> They indicate the special promotion consumer goods production got came to an end in the last 1970's.

A similar wave occurred in consumer goods production. With its growing capacities there were considerable production increases in the early 1970's that surpassed overall industrial growth. However, the growth rates of the consumer goods industries again relatively declined toward the end of the 1970's, and this trend got stronger still when we entered the 1980's.<sup>12</sup>

As a limitation it is to be noted that the quality of GDR products has not been improved, at least not adequately. "Solid standard quality" still is what predominates, which means not very exciting merchandise. Increasing criticism is found especially about insufficient supplies in fashion items in the clothing industry. White elephants are no rarities. Better products have become expensive meanwhile, especially in specialty stores. Also among electrotechnical household gadgets products of the lower to medium qualities predominate. In the field of entertainment electronics GDR production is especially far behind.

Consumer goods production is not the same thing as supplying the population. Foreign trade lies between the two: export and--sometimes--import of consumer goods. The evidence is hard to come by from GDR statistics. One may assume with some degree of certainty, though, that roughly half of the output in consumer goods is exported and that the export quota has risen since the end of the 1970's.

For studying the trend of public consumption one may resort to the retail trade turnover. That rose in toto by 77 percent from 1970 to 1985. The development also shows for the GDR a tendency noticed in all developed countries, that the purchases of foodstuffs increase below proportions (+ 48 percent), the demand being aimed more at luxury items (+ 82 percent) and, particularly, industrial consumer goods (+ 99 percent). Undoubtedly for the new products that moved to the front at the changing public demand structure there still is a higher need than can be expressed by the retail trade turnover transactions.

At the start of the 1980's, there was definitively put a brake on improving domestic supplies. In the periods up to 1975, 1980 and 1985 growth rates declined from 5 to 4 to barely 3 percent.

Retail trade turnover in GDR statistics is a nominal magnitude. The range of the price hikes it contains is unknown. According to official GDR announcements, all consumer prices were constant until 1979. In that year--in consequence of the persistent price hikes for raw materials on the world market--the price policy was altered also for consumer goods: the prices for basic necessities were to remain constant, considerable subsidies put up for them from the state budget. The prices for more high-grade goods were to bring profits and tax revenue, however, and so should become more expensive. That can be seen in clothing, furniture, and china, for instance.

If in a rough estimate one sets the price component in industrial consumer goods at 1 percent per annum, one gets for the whole period under consideration a price hike of 16 percent and a real retail trade turnover increase of 52 percent. The graduated decline in growth rates is to be computed higher yet because many price hikes started only after 1979.

That does not preclude that supplies have clearly improved as such since 1970. For many types of goods the volume per capita consumption is high in the GDR; more households have gotten devices with a long working life. Today the GDR is among the countries that must be regarded as adequately supplied, even as prosperous.

To be sure, the population, for obvious reasons, compares itself with the conditions in the FRG. Such a comparison then again tones down the results:

- Supplies in the GDR have gaps in them and often are of a poorer quality.
- The private per capita consumption still is roughly 50 percent below that of the FRG.

The "main task" policy has not curtailed the distance from the FRG.

GDR Economic Development Indicators (Growth over Previous Year in Percent)

	1981 1985 <sup>1</sup>	1981	1982	1983	1984	1985 <sup>2</sup>	1986 1990 <sup>1</sup>	Course thus far
	Plan	Actual					Plan	1986 <sup>3</sup>
Produced National Income	5.1	4.8	2.6	4.4	5.5	5.2	4.6	4.3
Primary Energy Consumption	.	0.3	-1.8	-0.1	2.9	3.0	1	.
of which rough lignite	.	3.4	2.8	0.8	7.1	1.4	.	.
Industry								
Commodity Production <sup>3</sup>	5.1	5.5	3.7	3.9	4.3	4.4	3.9	(4.0)
Industrial Ministries Sectors								
Commodity Production	5.5	5.9	4.3	4.6	4.5	4.5	4.2	4.3
Net Production <sup>3</sup>	.	7.0	5.6	7.1	8.3	9.2	8.4	8.6
Labor Productivity <sup>3</sup>								
(Commodity Production)	5.2	4.8	3.4	3.8	3.7	4.1	.	.
(Net Production)	.	7.0	4.7	5.4	7.6	8.7	8.4	8.8
Construction Industry								
Construction Production	4.2	4	2.9	3.7	2.7	3.9	3.4	.
(centrally managed) <sup>3</sup>	180.0	185.4	187.1	197.2	207.0	212.2	212.8	159.7
Completed Apartments ) in	120.0	125.7	122.4	122.6	121.7	120.7	118.2	(55.5)
of which: newly built ) 1000	60.0	59.6	64.6	74.6	85.4	91.5	94.6	(49.6)
modernized )								
Agriculture								
Gross Soil Output <sup>3</sup>	2.1/2.3	1.0	-1.6	1.5	15.4	3.1	2.2	.
of which grain harvest								
in million tons	10.4	8.9	10.0	10.1	11.3	11.6	11.9	11.6
Livestock Market Production <sup>6</sup>	0.9	2.8	-6.6	2.7	6.7	4.2	1.0	(3.3)

# CDR Economic Development Indicators (1981-)

1985

## Domestic Traffic<sup>9</sup>

	1981	1982	1983	1984	1985	1986 1990	thus far
Freight Volume	-3.2	-7.3	-2.2	-1.1	-0.4	.	.
of which: Railroad	1.2	2.3	1.0	3.6	3.1	.	.
Inland Navigation	1.9	1.2	3.8	7.0	-5.3	6.9	.
Highway	-5.1	-12.3	-3.9	-4.0	-1.0	.	.
Freight Performance	-2.1	-6.7	-0.3	1.4	3.2	.	.
of which: Railroad	-1.1	-3.1	1.6	3.2	3.6	.	(-0.8)
Inland Navigation	9.3	-2.9	5.9	9.0	-8.0	.	.
Highway	-5.2	-18.5	-5.3	-5.8	3.9	.	.

Electric Railroad Trek	6.7	6.7	8.6	10.7	8.7	9.8	(7,9)
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Retail Trade, Turnover <sup>10</sup>	2.5	1.0	0.7	4.2	4.2	4.0	4.2
of which: Food and Luxury Items	2.9	2.1	1.6	3.3	2.8	2.7	2.4
Industrial Goods	2.1	-0.1	-0.1	5.1	5.7	5.3	6.0

Foreign Trade, Turnover <sup>10</sup>	10.7	9.2	10.6	8.4	3.6	.	(-0.3)
of which: Import	6.4	4.3	9.0	9.6	3.8	.	(0.1)
Export	15.4	14.1	12.0	7.3	3.4	.	(-0.6)
Balance in billion valuta mark	-1.1	+5.4	+8.0	+6.9	+6.8	.	(+1.8)
Net Monetary Income of the Population	3.1	2.8	2.3	3.9	4.0	4.0	(4)
Investments, total <sup>11</sup>	-2.1	-5.2	-0.0	-4.9	-3.7	2.9	(8.5)

<sup>1</sup>Average Annual Growth. <sup>2</sup>Provisional Data. Partly estimates. <sup>3</sup>Results for 1981 to 1984 Computed from 1985 Data. <sup>4</sup>1986-1990 Total Economy. <sup>5</sup>Total of Crop Production. <sup>6</sup>Five-Year Plan Figure: Average Annual Growth, Proceeding from Average of Previous 5 Years with regard to the Planned Volume in the Last Year in the New Five-Year Plan Period. <sup>7</sup>Five-Year Plan Figure: Scheduled Grain Harvest for the Last Year. <sup>8</sup>Total of State Output in Fatstock, Milk, Eggs and Wool; Given in Grain Units (GE's) according to the CDR's GE Key. <sup>9</sup>Ocean Navigation and Civil Aviation Not Included. <sup>10</sup>Price-Deflated Prices. <sup>11</sup>Including Inner-German Trade. <sup>12</sup>Without General Repairs; at Constant Prices. \* January - October;

Figures in () = First Half Year.

Sources: Statistical Yearbooks of the CDR; Statistical Indicators of Short Term Economic Changes in EEC Countries, Geneva; Plan Fulfilment Reports (the last in NEUES DEUTSCHLAND, 18/19 January 1986, pp 1 & 3 ff); Directive of the 11th SED Congress on the 5-Year Plan for the CDR's Economic Development, 1986-1990. TRIBUNE, 25-27 April 1986; Report on the Implementation of the 1986 National Economic Plan, First Half Year, NEUES DEUTSCHLAND, 28 November 1986; DIW Computations and Estimates.

Industrial gross fixed investment by branch  
--per cent of total industrial investment--

	<u>1975</u>	<u>1980</u>	<u>1983</u>
Energy, fuel	24.4	22.8	21.0
Metallurgy	5.9	10.7	15.9
Engineering	22.7	25.0	25.2
Chemicals	16.6	18.1	16.2
Construction materials	4.2	3.6	1.9
Textiles	4.1	2.9	2.3
Other light	8.9	6.1	7.9
Food	7.9	5.4	5.2
Other	5.5	5.3	4.5
Total	100	100	100

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Source: ECE Economic Survey of Europe in 1984-1985, p 136; Economic Survey of Europe in 1985-1986, p 178.

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# Development of Pensions in the GDR since 1970<sup>1</sup>

Year	Total Volume of Pensions <sup>2</sup>		Average Monthly Pension <sup>3</sup> (Old-Age)	
	in M billion	Percentage Increase over Previous Year	in Mark	Percentage Increase over Previous Year
1970	8,41	.	188 <sup>4</sup>	.
1971	8,87	5.5	201	6.9
1972	9,80	10.5	242	20.4
1973	11,23	14.6	243	0.4
1974	11,57	3.0	246	1.2
1975	11,63	0.5	248	0.8
1976	11,84	1.8	290	16.9
1977	13,38	13.0	292	0.7
1978	13,34	-0.2	292	0.0
1979	13,39	0.3	333	14.0
1980	14,80	10.5	334	0.3
1981	14,70	-0.6	334	0.0
1982 )	14,6	-0.9	334	0.0
1983 )	14,5	-0.7	335	0.1
1984 ) <sup>5</sup>	14,5	0.0	359	7.3
1985 )	15,4	6.2	371	3.3

<sup>1</sup>Social Insurance for Workers and Employees (FDGB) and Social Insurance with State Insurance, including voluntary supplementary pension insurance (FZR); without pensions from state budget. <sup>2</sup>All types of pensions. <sup>3</sup>Old-age and disability pensions (including mining); status always as of December.

<sup>4</sup>Without old-age care of Railway and Post Office. <sup>5</sup>Partly Estimates.

Sources: Statistical Yearbooks of the GDR --Computations and Estimates by DIW.

Monthly Minimum Pensions, with additional payments for marital partners and children, as to the GDR Social Insurance since 1971

# Contributions in Mark

Types of Pensions	effective as of				
	1971 1 March	1972 1 Sep.	1976 1 Sep.	1979 1 December	1984 <sup>2</sup>
Minimal amounts for old-age and disability pensions after . . . years of work <sup>1</sup>					
less than 15	160	200	230	270	300
15-19	)	210	240	280	310
20-24	)		250	290	320
25-29	)	170	220	260	300
30-34	)		270	310	340
35-39	)	230	280	320	350
40-44	)		290	330	360
45 and over	)	240	300	340	370
Minimum Pensions for ...					
Widows	160	200	230	270	300
Full Orphans	90	150	150	150	180
Half-Orphans	65	100	100	100	130
Additional Pension Allowances for . . .					
Spouses who cannot work	45	75	100	100	150 <sup>3</sup>
Children	45	45	45	45	45

<sup>1</sup>Including add-on periods. <sup>2</sup> On 1 December 1985, moreover, the pension base (even for the ones already in effect) rose from M 110 at that time to M 140. Since then those pensioners also get an additional M 30 whose pensions lay above the minimum. <sup>3</sup>In effect as of 1 December 1985.

Selected Data on Income Trends in the GDR

	1970	1975	1980	1985 <sup>3</sup>	1975 compared with 1970	1980 1975	1985 1980
	in M billion				Average Annual Growth in percent <sup>4</sup>		
Net Monetary Income of the Population <sup>1</sup>	79,4	101,1	120,9	141,6	5.0	4.0	3.0
of which:							
Net Wages and Salaries (per worker, Mark)	47,4 (6,380)	63,6 (7,930)	75,0 (9,020)	89 (10,470)	6.2 (4.8)	3.9 (2.8)	3.5 (3.0)
Pensions <sup>2</sup>	9,0	12,5	15,8	16,4	8.2	4.5	-0.1
Other income <sup>3</sup>	23,0	25,0	30,1	36	1.1	3.8	3.5

<sup>1</sup>Including contributions for voluntary additional insurance. <sup>2</sup>Pensions from Social Insurance and the State Budget. <sup>3</sup>Provisionally, partly estimated.

<sup>4</sup>Including all annual values.

Sources: Statistical Yearbooks of the GDR--Computations and Estimates by DIW.

# GDR Retail Trade Turnover

Commodity Groups	1970	1975	1980	1985	75/70	80/75	85/80
	in M million				Average Annual Change in Percent		
Shoes, notions and leather goods	1761	2226	2798	3273	4.80	4.68	3.19
Clothing, fabrics, outerwear	4257	5917	6800	7483	6.81	2.82	1.93
Hosiery, underwear, linens, haberdashery items	4549	5522	6559	6359	3.95	3.50	-0.62
Furniture, musical instruments, toys, sports equipment, paper goods	4535	6408	7830	8180	7.16	4.09	0.88
Household commodities	2806	3854	5205	6472	6.55	6.19	4.45
Sound equipment, photographic and movie equipment, jewelry, road vehicles	4648	7381	9460	10615	9.69	5.09	2.33
Beauty culture and health care items, chemicals	3064	3935	5259	6240	5.13	5.97	3.48
Construction materials, commercial timber, fuels, propellants	2662	4169	5897	7724	9.39	7.18	5.55
Industrial commodities, total	28282	39412	49808	56346	6.86	4.79	2.50
Foodstuffs	24054	27949	32125	35589	3.05	2.82	2.07
Luxury items	11723	14545	18054	21300	4.41	4.42	3.36
Retail trade turnover, total	64059	81905	99986	113235	5.04	4.07	2.52

Source: Statistical Yearbooks of the GDR, several volumes.

# FOOTNOTES

1. Jan Vanous, "The GDR Within CEMA," Irwin L. Collier, Jr., ed. "Workshop on the GDR Economy--Proceedings," American Institute for Contemporary German Studies, John Hopkins University, Washington D.C., May 16, 1986, pp 2 ff.
2. "On the 5-Year Plan for the USSR's Economic and Social Development for 1986 to 1990 and the Party Organizations' Tasks in Its Implementation--Report from the General Secretary of the CPSU Central Committee, Mikhail Gorbachev, at the 16 June 1986 Central Committee Plenum," NEUES DEUTSCHLAND, 19 June 1986, pp 3 ff.
3. Research Project on National Income in East Central Europe. Occasional Papers Nos. 90-94. L.W. International Financial Research, Inc. New York 1986.
4. Paul Marer, "Alternative Estimates of the Dollar GNP and Growth Rates of the CEMA Countries," "East European Economies: Slow Growth in the 1980's. Selected Papers submitted to the Joint Economic Committee Congress of the United States," October 28, 1985, Volume 1. "Economic Performance and Policy," p 133; Irwin L. Collier, "The Estimation of Gross Domestic Product and its Growth Rate for the German Democratic Republic." World Bank Staff Working Papers Number 773. The World Bank Washington, D.C., USA 1985.
5. "Law on the 5-Year Plan for the GDR's Economic Development, 1986-1990, of 27 November 1986," NEUES DEUTSCHLAND, 28 November 1986, pp 11 ff.
6. "Direktive des XI. Parteitages der SED zum Fuenfjahrplan fuer die Entwicklung der Volkswirtschaft der DDR in den Jahren 1986 bis 1990." Dietz publishing house, Berlin, 1986.
7. The few GDR press reports on it are not consistent, presumably because they partly refer to the number of employed (without apprentices). That number is still rising while that of the apprentices is declining.
8. Guenter Mittag, "Management, Planning, and Effective Accountancy in the GDR Economy," EINHEIT, No 10, 1986, pp 876 ff.
9. Guenter Mittag on the third session of the GDR People's Chamber: "The combines are now facing the task to decide on a portion of the investments on their own responsibility, to produce it themselves in terms of values and funds, and help create their own prerequisites for it." NEUES DEUTSCHLAND 28 November 1986, pp 6 f.
10. Fifteenth SED Central Committee Session, 2/3 October 1975.
11. ECE, "Economic Survey of Europe in 1984-1985," p 136, and "Economic Survey of Europe 1985-1986," p 178.
12. Cf. Doris Cornelsen et alia, "Consumer Goods Supplies in the GDR and their Interactions with Inner-German Trade," "Beitraege zur Strukturforchung des DIW," No 87, 1985.



## EAST-WEST TRADE COOPERATION ASSESSED

DW120925 East Berlin Voice of GDR Domestic Service in German 1505 GMT 10 Mar 87

[Guenter Leuschner commentary--DW]

[Excerpt] The number and the contents of the proposals that are to be examined and possibly adopted by the CSCE economic group in the next few weeks reflect a markedly increased interest of almost all 35 participating countries in that important part of the CSCE process. Because of that this observer cannot help but make some remarks about that altogether positive balance.

It is really striking that some Western countries are avoiding the greatest problems in East-West economic cooperation, whatever the reasons may be. When the United States just recently reaffirmed that it is not willing to grant the same trade rights to the Soviet Union or to the other socialist states that it grants to other countries, it was just an example of discrimination. Other examples have been mentioned frequently enough in recent weeks--protectionism, lists of prohibited goods, and obstructing trade credits and technology. It can hardly be denied that those are exactly the main obstacles to the kinds of changes in East-West trade that the West also desires. Therefore, it would really be welcome if all 35 CSCE countries agreed to a proposal that the Soviet Union and the GDR presented here, which demands elimination of such practices as detrimental to economic stability. That would create more confidence, more predictability, and it also would be in the objective interest of all Western European countries that, in the end, need cooperation as much as others because of their own, often difficult situations.

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CSO: 2300/231

## BRIEFS

**STEEL MILL FOR USSR--**Leipzig, 16 Mar (ADN)--A contract was concluded in Leipzig on Monday for the construction of a refined and intermediate steel rolling mill for the Oskol Electrometallurgical combine in the USSR, between the GDR Sket export-import enterprise and the Soviet V/O Metallurgimport foreign trade enterprise. SKET Magdeburg will be starting the supply of the equipment, some 20,000 metric tons in weight, this year. Start-up is planned for 1990. This is the largest order so far in the rolling mill sector for this traditional manufacturing enterprise for complete plants. The rolling mill is planned to have an annual production of 1 million metric tons of refined and intermediate steel. [Text] [East Berlin ADN International Service in German 1345 GMT 16 Mar 87 LD] /9274

**ELECTRIC MOTORS FOR FRG--**Leipzig, 16 Mar (ADN)--The foreign trade enterprise Elektrotechnik-export-import on Monday in Leipzig handed over the 5 millionth electric motor produced in the GDR for the FRG general agency firm Wittenbecher and Co by the Elektromaschinenbau Combine. The motors are utilized principally in heavy engineering and power station construction, pumps, agricultural technology, air conditioning plants, and handymen's tools. [Text] [East Berlin ADN International Service in German 1435 GMT 16 Mar 87 LD] /9274

**FOREIGN TRADE DEALS--**Leipzig, 17 Mar (ADN)--The GDR foreign trade enterprises Technocommerz is to deliver refrigeration technology to Cuba in 1988. The export of dairy fittings and other equipment was agreed on with the Hungarian foreign trade enterprises Komplex and Ganz Danubius. The Hungarian enterprise Fluidprogress is to receive various hydraulic products. An agreement has been signed between the GDR foreign trade enterprise Fortschritt Landmaschinen and the Albanian foreign trade enterprise MAKINIAIMPORT on the export of agricultural machinery, including 50 ZT 323 tractors. The GDR foreign trade enterprise Heim-Electric has concluded numerous export agreements: general purpose lamps from the publicly owned combine Narva will go to France; fluorescent lamps, high-pressure sodium-vapor lamps, and high-pressure mercury vapor lamps will go to Algeria. FRG firms bought antennae and accessories, and Norwegian enterprises bought vehicle electronics from Ruhla. Products from the Hermsdorf ceramics works combine will be delivered to Egypt and Syria. The Polygraph Export-Import foreign trade enterprise concluded contracts on the export of "Zirkon Supra 660" web offset printing machines to France and Great Britain and book-binding and cutting machinery to Britain and the FRG. Planeta sheet-fed offset machines have customers in the United States. The GDR

foreign trade enterprise is to deliver additional sheet-fed offset machines to Spain, France, and the FRG. [Text] [East Berlin ADN International Service in German 1929 GMT 17 Mar 87 LD] /9274

CUBAN TRANSPORTATION PROTOCOL--Havana, 19 Mar (ADN)--The 12th session of the joint GDR-Cuban Commission on Maritime Traffic ended in Havana on Thursday with the signing of the Naaual transport protocol. The document provides for the further implementation of new transport technologies for trade, which totals nearly 800,000 tonnes a year. Container traffic is to increase 25 percent this year. [Text] [East Berlin ADN International Service in German 1942 GMT 19 Mar 87 LD] /9274

MICROELECTRONICS IN VEB WEISSENFELS--The consumer goods industry has had greater production by purposefully applying key technologies. That is what Light Industry Minister Werner Buschmann today learned when inspecting the Weissenfels VEB Banner des Friedens, the biggest GDR manufacturer of children's shoes. In the plant's sewing center alone, an output increase of 40 percent is ensured by the application of CAD/CAM. All of the machines, which are connected to Robotron computers, are manufactured within the combine-owned facility for rationalization. The main plant's collective will produce an additional 230,000 pairs of children's shoes above plan this year on the basis of the comprehensive implementation of scientific-technical measures. [Text] [East Berlin Domestic Service in German 1400 GMT 24 Feb 87 DW] /9274

NEW HEATING PLANTS--By 1990 five heating plants in Leipzig are supposed to be working according to a GDR-designed procedure that is easy on the environment. By that action, economical desulfurization of smoke gas will be ensured, thus contributing to cleaner air in the Saxony industrial area. [Excerpt] [East Berlin Domestic Service in German 1200 GMT 24 Feb 87 DW] /9274

CSO: 2300/231

## RESULTS OF DROUGHT DAMAGE ASSESSED

Budapest MAGYARORSZAG in Hungarian 16 Nov 86 p 40

[Article by Peter Bonyhadi: "Drought Assessment"]

[Text] Defeat or glory? What else could the approximately 10 billion forint drought damage be considered but a defeat? What else but glory the fact that our agriculture resisted 3 consecutive very dry years without collapsing?

Of course, we do not want to say that farms are enthusiastic about such glory. Nevertheless, food supply continues to be abundant and we did not have to apologetically open our arms to a single importer offering marks or dollars.

## Not Fatal

Individual farms do not feel the leveling off taking place at the national level. Many have gotten into difficult financial situations because of the drought. However, general conclusions are hard to reach, since the consecutive scorching years did not always hit the same regions. Further, within one drought-burnt county there are farms that--to put it elegantly--crumbled to dust financially, while others, equally suffering from the heat, did not even have a filler's worth of loss.

The extent of loss caused by the drought was basically influenced by the quality of soil. The rich, 30 gold crown soils of Feher county yielded "only" 7 tons of wheat per hectare this year compared to last year's 9 tons. At the same time, wheat yield on poor 14 gold crown soil was only 2.7 tons per hectare instead of the planned 4.4 tons, and half of even this was waste.

As a result of the lost harvest, some farms will have to buy corn not only for their large-scale animal stock but also to make up for the corn parceled on members' household plots.

Losses on the scale of billions from plant cultivation will probably be further aggravated by the financial consequences of the reduction in livestock production, but they will not be fatal for farms.

It does not mean that anyone could have avoided crop reduction caused by the drought, but at certain places the overall farm profit was not as much as one

filler less than had been planned, despite the drought. And this cannot be sustained with profit reserves, since these can be used only to make up for occasional deficits. For example, when besides cereal and corn, the sowing pattern included also rape and green peas, the abundant yield of these two early ripening plants and the revenues generated by them mitigated the effect of the production loss of cereals.

So, the drought does not and cannot mean a general economic catastrophe. With some good will, it can be regarded as a natural risk of farming. The capacity of farms to take risks is, another question.

The fact is, however, that should large farms be the most exact planning possible and be bent on implementing their plans, this year's extraordinary weather will automatically raise next year's prices and may also decrease the harvest. For example, due to the lack of water, weeds have not sprouted yet on the stubble-ploughing. This means that weed extirpation could not be done together with the preparatory ploughing before sowing. Therefore, new traps will be more widely and thus will require the use of more plant-protecting materials.

#### Financial Assistance

The extremely depleted soil with very severe tillage was difficult and, consequently, much more expensive. The lack of water will prevent fertilizers from having effect in the already poor quality grain beds. Further, the quality of which will inevitably be poorer, will have to be replaced with another feed, now also more expensive than soybeans. These are only the most obvious consequences of this year's drought.

The devastation inflicted by the drought is, in essence, like a time explosion: part of the losses will be felt by farms only next year. For instance, this June, when fields were still close to green, numerous breeding machines in animal husbandry were scheduled for sale. Since farm prices of livestock were reduced, calculations showed that the same machines would improve the situation of this branch by some 1 million forints. In most parts of the country, however, fodder and grain feed for the way down by 20 to 30% as a result of the drought, will diminish output.

In agriculture on the earth would be a relief if at its own the losses in consequence of a series of natural disasters. For farms, too, have been covered by the state budget to compensate for the drought damage. There are as many types of damage caused by different factors as there are regions, and as many forms of financial assistance. And it is only assistance, and not an automatic compensation for the damage.

For example, in one of its state farms in Hungary society suffered a 10 to 15% profit loss as a result of the drought. Therefore, however, only half of the 10 farms are entitled to state assistance; from which total total losses of 5 million forints. These are the farms which accounted the 10% production reduction yet as a condition for assistance.



So let's see how the extraordinary measures compensate for the 58 million-forints in losses of the state farms eligible for support. According to the decrees, those drought-stricken farms which do not have any money left to produce next year may receive a production credit repayable from next year's sales revenues, with 7 percent of the interest reimbursed by the state budget. Calculations show that this reimbursement will be 5 million forints for the 3 state farms in Szabolcs county; so the 58 million forints are reduced to 53 million.

For those farms whose yield value of plant cultivation decreased by 5% compared to the average of the previous 3 years, wage-regulating taxes are reduced. In the case of the 3 state farms taken as examples, this is estimated at about 150,000 forints, so their losses are 52.5 million forints in fact.

Drought-stricken farms are also exempted from paying the advance of the 3rd quarter's gross income tax. For the 3 state farms in need of help this means 1 million forints. So losses now amount to only 51.5 million forints.

It is becoming habitual that, after droughts, county councils reduce the land tax on fields where cereals, corn and other plants are grown, if the crop of these decrease by at least 20% compared to the established basis. The state farms eligible for assistance in Szabolcs county, however, cultivate lands of so low grid crown value that their land tax does amount to only 50,000 forints. Thus, they still have a loss of 51.5 million forints.

Drought-stricken farms do not have to include labor loss incurred by workers rendered for the cultivation of household plots and allotted private plots in their wage-bill. How much it will mean at the end of the year can only be estimated, but according to the calculations these savings will not go beyond the range of 10,000 forints. So, with this, the state farms still have a 41.5 million forints in losses.

Farms which, due to some natural disaster, have already closed a year with deficits between 1983 and 1985, are allowed to retain full depreciation. This is the first significant tax for the 3 state farms in Szabolcs county: 9 million forints. This reduces their losses to 32 million forints, even if this is actually their own money. Not having to put money into the depreciation fund, they get rid of fixed deficits. The lack of this money, however, will pose problems when they have to renew their machinery.

Besides these, the state farms can rely only on their own resources, and, exactly, on funds derived from profits and earmarked for development of reserves--if they were able to create such funds. The profit reserves of the 3 state farms mentioned in our examples--what they were allowed to put aside from their pretax profits--are 8.5 million forints. Drawing on these reserve funds that have been paid to the Model Support Fund and frozen so far, they can acquire an additional 2.5 million forints.

With all this, the 58 million forints deficit would be cut back to 11 million, a sum that must be made up by the farms in question. Three farms in Szabolcs county! And where is the rest?

### Self-Reorganization

Despite state assistance, this year again some farms are likely to become insolvent as a consequence of the drought last year. According to established practice, in such cases state farms--for the purpose of debt payment--are put on a forced track from which they can hardly get off. This is proven by the fact that there is a circle of state farms which had to be reorganized 6 to 8 times over 10 years. A state farm reorganized twice or 3 times is almost a natural phenomenon.

This incessant Canossa-going is to be stopped by the so-called coordinating procedure. This essentially means that the creditors, such as the national budget, renounce a part of the state farm's debt in order to restore its ability to operate. In this situation, the bargaining parties will be not the state and the state farm, but debtors and creditors.

Summarizing the damages, the assistance and the possibilities, and taking into account the opinion of competent agricultural and financial experts, it can be concluded that only one year with at least average weather would be enough for agriculture to realize a strong development the following year.

13212/12947

CSO: 2500/72

## DEPUTY MINISTER HOLDS PRESS CONFERENCE ON INCOME POLICY

LD192126 Warsaw PAP in English 1928 GMT 19 Mar 87

[Text] Warsaw, 19 Mar--Vice Minister of Labour, Wages and Social Affairs Stanislaw Borkowska briefed Polish newsmen on wages and income policies for this year.

Poland has had market imbalance and quite high inflation for a few years now, she said.

There exist many factors which shape inflationary phenomena. The incomes of the population are one of the most important ones. Nearly 50 percent of incomes fall to wages. Activities had to be undertaken to limit the wages race and the price-wages spiral.

The solution is decided by an effort to lower the degree of inflation and money flow to the market. The government has adopted, among other things, a law on permanent increases of the minimum wage which at present totals 7 thousand zlotys. The minimum wage will be increased annually, mandatorily, in proportion to the planned movement of prices (excepting alcohol and tobacco), stated the vice-minister.

In reply to questions the vice-minister stated that the 12 percent limitation/wage growth/concerned the global wage fund and not individual wages.

This increase can be greater also in respective enterprises in cases when they will support the necessary directions of the economic policy outlined by the 10th PUWP Congress and put in detail in the national socio-economic plan for the years 1986-1990. Exports, scientific-technical progress and long-term economic orientation are at the heart of the matter. All wages from profits are exempted from the 12 percent limit.

Last year prices went up by 18 percent and the money incomes of the population by 20,3 percent, including remuneration for work by 21,1 percent and social benefits by 23,9 percent. The fact that wages increased exceed price hikes is one of the most important causes of inflation. In order to gain 1 zloty we spend 0,94 zloty while we should spend three times less. In wages policies we have many administrative-economic and social partners and even our iron consistency might not prove to be enough.

If we want to increase wages proportionally to the increase in living costs independently of the work results, we would intensify inflation. This is unacceptable also from the point of view of economic effectiveness. That is why compromise solutions have been introduced, such as, obligatory, annual and automatic minimum wage indexation, stated Vice-Minister Borkowska.

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CSO: 2020/75

## BRIEFS

CMEA ELECTRONICS DELEGATION--Warsaw, 25 Mar--Vice Premier Wladyslaw Gwiazda received here today ministers-heads of delegations for the 53rd session of the CMEA standing commission for cooperation in radio-technical and electronic industry, now under way here. Gwiazda stressed the significance of cooperation of CMEA member-states for successful implementation of one of the most important directions of the CMEA programme of scientific and technical progress of CMEA--introduction of advanced electronics to the national economies of CMEA states. [Text] [Warsaw PAP in English 1718 GMT 25 Mar 87 LD] /9274

CS0: 2020/75



## SOLIDARITY FUND MEMBERS SIGNATURES ON 'WRONG' TEXT

AU171027 Belgrade BORBA in Serbo-Croatian 25 Feb 87 p 3

[V. Zagorac report: "Manipulating Signatures"]

[Text] Ljubljana, 24 Feb--The signatures of a great majority of like-minded persons who signed the so-called Solidarity Fund were unexpectedly found among the names of members of the "Initiatory Committee for Founding the Fund." "In the middle of last year we put our signatures to a completely different paper which contained a text of solidarity with journalist Bogovac, and now some of these signatures are found on the list of members of the "Initiatory Committee."

This is claimed by the signatories to the initiative from Slovenia who met at an informal meeting to discuss the "documents" proposed for discussion at the planned founding assembly scheduled for the beginning of March in Ljubljana.

After critically evaluating the content of the proposed "document"--the "draft program of the solidarity fund" to be more precise--and pointing to the unacceptability of the admixture of political organizing and activity, the participants in the discussion raised the question of how their signatures appeared in the "wrong" place. The impression is created that the people in Slovenia were included in specific tasks, obligations, and activities without anybody asking them for their approval. The current practice of conducting the organization of the "fund" points to the fact that the whole thing is run by a small group of people who formulate views, delegate responsibilities, and then ask for support by using signatures put under some other text, the discussion pointed out.

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CSO: 2800/171

## NOVI SAD JOURNALISTS DENOUNCE SOLIDARITY FUND

LD252111 Belgrade TANJUG Domestic Service in Serbo-Croatian 1139 GMT 25 Mar 87

[Text] Novi Sad [dateline as received]--At its meeting last night the aktiv of journalists who report from Novi Sad unanimously condemned the conduct of its members Sinisa Nikolic and Vlada Micunovic, all the signatories of the so-called Solidarity Fund, the letter of Solidarity and the initiatives to launch the private newspaper SELF-MANAGEMENT.

It was stated during the debate at the meeting that Sinisa Nikolic, in his capacity as a member of the initiative committee of the so-called Solidarity Fund and founder of the SELF-MANAGEMENT newspaper which he published illegally in the form of a newsletter, came into conflict with LCY policy, the norms of our socialist self-managing society and with the journalists organization's statute and code of behavior. In the aktiv's view, there is no longer any place for him in the Journalist Federation of Yugoslavia.

Vlada Micunovic, signatory to the letter of Solidarity, also pursued ideological lines contrary to the LCY and socialist self-management. His colleagues object to the fact that, instead of attending this meeting and explaining his behavior, Micunovic sent a written statement, which does not indicate if he is disassociating himself from the Solidarity Fund. Instead of the words of self-criticism, he refers to the "staged campaign" against him which, as he puts it, some individuals are pursuing "on the basis of fabrications and imputations directed at him from public platforms." On the basis of what was said during today's debate the aktiv took a unanimous stand, that in view of his behavior and ideas, he can no longer remain in the Journalist Federation of Yugoslavia.

In line with the statute of the Journalist Association of Vojvodina, the aktiv recommended that the association's court of honor should institute a procedure to expel Nikolic and Micunovic from the Journalist Federation of Yugoslavia.

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CSO: 2800/171

## LCY PRESIDIUM'S ORLANDIC ON USSR RESTRUCTURING

LD200250 Belgrade TANJUG Domestic Service in Serbo-Croatian 1808 GMT 19 Mar 87

[Text] Zagreb, 19 Mar (TANJUG)--One of the essential characteristics of contemporary international relations at the dawn of the 21st century and in conditions of the new technological revolution, are the processes of global restructuring on the world scene. This was the subject of discussion at the joint session today of the Croat LC Central Committee commission for international cooperation, the republican Council for International Relations and the secretariat of the Croat SAWP Republican Conference section for international relations.

These restructuring movements are unfolding in conditions of the increasing race to acquire primacy in the international arena; that is, they are aimed at the most efficient adjustment of national political strategies to the vision of the future. Grand ideas such as "Star Wars," "Eureka," the "complex program," are the forms in which the preoccupations of the countries and their economic-political aims are expressed. The awareness is gaining ground that it is on the degree of success in involvement in such processes that the place and role of every country, economic-political grouping and relations of forces depends up to the end of this century and with consequences for their position in the 21st century. This was stressed by Marko Orlandic, member of the LCY Central Committee Presidium, in his introductory speech at today's session.

Speaking about contemporary socioeconomic relations and political trends in the countries of Eastern Europe, Marko Orlandic put forward several interesting pieces of information and assessments on the present processes in the socialist countries of Eastern Europe, on the reforms in the Soviet Union under the term "restructuring," and on the reflection of this policy on the international activities in the Comecon countries.

Marko Orlandic devoted particular attention to how these measures are being received today in the Soviet Union and how they are reflected in the other member-countries of the socialist camp.

"The reforms begun in the socialist countries are of varying intensity and with degrees of importance and aims," Orlandic stated, stressing that in some of them essential changes in the area of the economy and the political system are being undertaken, while in others these are only being hinted at. These are above all reforms of the economic system in which the forerunner at the beginning of the seventies was Hungary, followed by China, and now, in increasing depth and with more complete and far-reaching effect, the Soviet Union.

The reforms termed as "restructuring" attract particular attention. These changes were heralded as early as the beginning of the eighties by Yuriy Andropov, and are coming strongly to the fore with the election of Mikhail Gorbachev to the top position in the Soviet party. In Orlandic's view, Gorbachev clearly stands for the conviction that it is the last moment for overcoming the weighty dogmatic-bureaucratic heritage in the interests of the consolidation and further strengthening of socialism. Reforms have begun which are of essential importance, which mark a radical break with the traditional dogmatic concepts of socialism; in their significance they extend beyond the borders of the Soviet Union.

Speaking about the international dimension of reforms in the USSR, Orlandic stressed that internal reforms were closely linked with international détente and progress in the halting of the arms race, which is mainly directed toward relations with the United States and NATO.

Winding up his speech, Marko Orlandic also discussed signs of resistance to the new course in the Soviet Union, as a conflict between the new and the deeply rooted dogmatic and traditional vision of socialism is not at all easy. However, in his opinion, a step backward is less and less likely, as it would have unforeseeable consequences both for the situation in the USSR and relations among socialist countries, and for prospects of socialism as a world process.

In a very extensive discussion following Orlandic's report, in which among others Slavko Komar, Jaksa Petric, Bogdan Crnobrnja, Branko Caracan, Mihailo Bata Javorski, Zdenko Svete and others took part, a number of constructive views, proposals, and assessments were raised within our horizons of self-managing socialism. A view was also expressed that Gorbachev won himself a reputation by starting the process of democratization of relations, de-Stalinization, recognition of different courses of socialism, and reaffirmation of socialism as a world process. Changes in the USSR, as well as in China, have an effect on the development of relations in the entire world.

When making an assessment about the importance of these changes in China and the Soviet Union for us and the world, it is necessary to point out that it is our task to revalue, by our own forces, the values we have achieved following our course of socialist self-management and enjoying great international prestige as a nonaligned country.

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CSO: 2800/171

## GREEK COMMUNIST NOTES 'CORDIAL' RELATIONS

LD191945 Belgrade TANJUG in English 1850 GMT 19 Mar 87

[Text] Belgrade, March 19 (TANJUG)--Relations between the Greek Communist Party (of the Interior) and the League of Communists of Yugoslavia are very cordial and sincere. We draw inspiration from the Yugoslav experience in developing self-management socialism, since our party is striving for socialism based on democracy, autonomy and self-management.

This statement was made today in an interview to Radio Yugoslavia and Radio Belgrade by General Secretary of the Greek Communist Party (of the Interior) Leonidhas Kirkos, who is currently on a visit to Belgrade.

Earlier today, Kirkos and member of the Presidency of the LCY Central Committee Vasil Tupurkovski discussed cooperation between the two parties and their international activities, as well as the present international situation and trends in the world communist and workers' movement.

Yesterday, Kirkos met with president of the LCY CC Presidency Milanko Renovica.

Our objective is to strengthen ties and cooperation between the two parties and countries and we consider that these relations constitute a basis for inter-Balkan cooperation, said Kirkos in the interview to Yugoslav radio. Mutual knowledge is essential, among other things, in regard to the launching of joint initiative for a rapprochement in Europe of the left forces, without whom no decisions of importance to the broad masses of people can be made and who can no longer be pushed out of the international scene by anybody, he added.

Asked about some outstanding problems in Yugoslav-Greek relations--the principal among which is the non-recognition of the existence of the Macedonian minority in Greece--Kirkos replied that persistent and patient efforts were needed in order to remove the obstacles in the way to the reaching of solutions to those questions.

Answering another question, Kirkos said that his party strives for bringing about democratic socialism and that "experiences of the countries of real socialism are not attractive to us, due to the historical development of the Greek movement."

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CSO: 2800/171



## RADIO ACCUSES SWISS OF SUPPORTING NATIONALISTS

AU141713 Pristina Domestic Service in Albanian 1800 GMT 13 Mar 87

[Pristina Radio-Television commentary: "On Some Topical Questions in Our Country's Relations With Switzerland"]

[Excerpts] International relations are based on positive international norms, and free relations between states and nations are assured through consistent respect for these norms. Yugoslavia wishes to have such relations also with the Swiss Confederation too. However, some circles in Switzerland have recently given the impression, through their behavior, that they are not interested in cultivating good relations with our country.

On 27 February, Swiss Television broadcast in its Telkel program a documentary devoted to Junuz Saliu, a former worker in Switzerland, who was accused last year in our country of having carried out an illegal act in associating with others with the intention of carrying out hostile acts and terrorism against Yugoslavia. In this 25-minute program, which was rebroadcast on 7 March, the Swiss Federal Government was criticized for having refused political asylum to Saliu and for having expelled him from the country. It also called on the federal government to protest to Yugoslavia, should Saliu be sentenced.

At a time when talks are going on in Geneva about human rights, the program speculated inaccurately about the position, rights, and freedom of Albanians in Yugoslavia, mentioning their poverty and Anatolian-type backwardness. The program also mentioned their persecution and hopeless future. This propaganda program by the hostile group of emigrants, who also enjoy the support of Amnesty International, was intended to put pressure on the Swiss Government with regard to the question of political asylum.

It is surprising that those responsible for broadcasting programs on television allowed themselves to be a party to the manipulation of public opinion to the detriment of another country, particularly when one considers the fact that Junuz Saliu was expelled by the Swiss Government itself. Such manipulations are unacceptable to our country and detrimental to international relations as a whole. The absurdity of the claims made is shown by the dynamic development and all-round transformations in the Province of Kosovo through the efforts of the Kosovars themselves and the unstinting aid of the Yugoslav community.

We would like to say in conclusion that good international relations proceed from respect for well-known principles: equality, noninterference in internal affairs, and mutual respect in communications about each other [as received]. This principle also applies to our relations with the Swiss Confederation, which some Swiss circles, in agreement with the hostile emigration, do not desire.

/smb2

CSO: 2800/171

## MAMULA ADDRESSES RETIRED GENERALS

LDO62131 Belgrade TANJUG Domestic Service in Serbo-Croatian 1502 GMT 6 Mar 87

[Text] Zagreb, 6 Mar (TANJUG)--The traditional meeting of retired generals and admirals of the Yugoslav People's Army living in SR of Croatia took place today in the Yugoslav People's Army Club in Zagreb. On this occasion they were informed about the latest issues relating to the overall development of our society, and in particular all people's defense and social self protection.

The meeting was opened by Lieutenant Colonel General Martin Spegelj, commander of the Zagreb Military District, and those present were addressed by Admiral of the Fleet Branko Mamula, federal secretary for national defense, and Stanko Stojcevic, president of the Croat LC Central Committee Presidium.

Speaking about military-political relations in the world, Admiral of the Fleet Branko Mamula emphasized that we have to conclude that what is at stake are the most powerful aims of two strategies which are mutually exclusive and that results in disarmament programs will not easily be achieved until a minimum of trust is established and a readiness to find solutions in the coexistence of the two systems. Exclusiveness in the existence of a huge arsenal of weapons on one or the other side clearly cannot be achieved, stressed Admiral of the Fleet Branko Mamula.

We consider, stressed the federal secretary for national defense that the latest proposal by Mikhail Gorbachev on the liquidation of "Euromissiles" could be the beginning of real negotiations on disarmament with at least some prospects for success, because their liquidation would not significantly alter the global strategic relations.

Yugoslavia will continue to participate actively in overcoming this state of affairs and will support all initiatives which go towards the preservation of world peace and finding more just solutions to economic, political and all other contradictions in international relations, noted Admiral of the Fleet Branko Mamula.

The dynamic development of modern strategies and military doctrines and their increasingly pronounced adaptation and application against small and nonaligned countries is increasingly taking on a universal character in the sense of the

combination of economic, political, military and other measures. Solutions in the military sphere are sought above all when these strategic interests cannot be achieved by the other measures.

We are not exaggerating these dangers, but are realistically pointing them out and are attempting within the bounds of our possibilities to reduce them to the smallest possible proportions. We are realising this, Admiral of the Fleet Mamula said, above all through the further socialization of the concept and doctrine of all-people's defense and social self protection and the modernization of the Armed Forces, in which, despite the well-known difficulties, we have achieved significant results.

In the development of the armed forces, Admiral of the Fleet Branko Mamula continued, priority is given to technical modernization and scientific research work.

Speaking about current questions of our internal development, Branko Mamula said that the solving of the complicated problems in which our country finds itself to a large extent affects the complex of moral-political factors in society as a whole, as well as in the Armed Forces. For this reason the army is doing everything to support and implement the latest measures of the Assembly and Federal Executive Council, because they are in the interests of the entire Yugoslav community and an expression of efforts to turn to practical action for the realization of the decisions of the 13th LCY Congress and the long-term program of economic stabilization.

To find a way out of the difficulties we are prepared to do anything that leads to the strengthening of our socialist self-managing society, but we are certainly not prepared to accept the theory that we have no prospects, which forces opposed to socialism and self-management are declaring increasingly openly on the public political stage.

We must realize, Branko Mamula said, that this is a historical moment when the LC must take matters into its own hands and guarantee the historical interests of the working class, which are being brought into question. Here, I mean the LC as the vanguard not only of the working class in the narrow sense of the word, but of the broad masses for whom socialism is the goal and orientation. There is no doubt that such socialist, democratically oriented people are in the majority in our country.

In recent years, the heightened activity from positions of the bourgeois Right and other antisocialist and anti-self-managing forces, nationalism, certain negative ideological trends, above all in culture, journalism, historiography and publishing, have had an increasingly negative effect on the political-security situation in the country. The political-security situation is also significantly worsened by the situation in the Socialist Autonomous Province of Kosovo and the problems connected with the realization of the constitutional position of the SR of Serbia and the Socialist Autonomous Provinces.

in the context of negative activity aimed against the Yugoslav People's Army, increasingly destructive actions are being carried out by so-called alternative movements. Admiral of the Fleet Branko Mamula warned. Through them the bourgeois right is endeavoring to realize some of its subversive aims with regard to the Army. A typical example is the activity of the so-called "peace movement" and the initiative for "doing military service as a civilian," which its followers are advocating. The bourgeois Right considers the activity of the "peace movements" and the introduction of "civilian service" as its priority task in its most direct attacks on the Yugoslav People's Army.

The members of the Yugoslav People's Army are also increasing their reaction, seeking explanations and expressing dissatisfaction with the tendentious writings in a section of the press, primarily the youth press and tabloids, as well as with the public statements of certain responsible leaders which contain countless, unacceptable, unobjective assessments with certain allusions to the Yugoslav People's Army.

Turning to the writings of the Ljubljana NOVA REVILJA, Mamula stressed that this is another Memorandum published this time by Slovene nationalists and bourgeois Right. The essence of what this group of authors is putting forward is the destruction of the Yugoslav community. They negate the national liberation dimensions of the national Liberation War and our socialist revolution, self-management and reunification, and proclaim that AVNOJ (Anti-Fascist Council for the National Liberation of Yugoslavia) was the beginning of the crisis in Yugoslavia. They advocate "reconciliation" with traitors, and see in the Catholic Church an organization which could take over power.

NOVA REVILJA did not avoid the subjects of defense and the army on this occasion either. There would naturally be nothing contentious in this if such important questions were examined in a principled, theoretically qualified and politically responsible way. The facts on defense and the Army, however, are dominated by maliciousness, biased interpretations of historical facts and the social essence of the Yugoslav People's Army, nationalistic theories and ambitions of offering the Slovene nation and everyone in Yugoslavia "new" alternatives, proceeding from these bases, to the concept of defense and military organization.

Behind these and other attacks in NOVA REVILJA there lies in fact a demand for the renunciation of the entire concept of the organization of the Yugoslav People's Army as the joint and united Armed Forces of our nations and nationalities, and for the formation of the plans of republican and provincial armies. This is the crux of the matter and we should all be aware of this, Branko Mamula stated.

Mentioning also the attempt to republish the Ljubljana Youth War with a Nazi content, the Federal secretary for national defense said that this entire case, like other negative actions by a part of the Slovene youth, is aimed at the Yugoslav People's Army as an open attack on the foundations of the state and the values of the revolution.



Despite the increased activity of the external and internal enemy and the numerous complex problems in society, we consider that the general political-military situation in the Yugoslav People's Army is good. The army is firmly aligned to socialism, self-management, brotherhood and unity, equality and the policy of nonalignment, crossed Admiral of the Fleet Branko Mamula.

/s/

CSZ: 1800/171

## UNSUITABLE RESERVE OFFICERS LOSE ASSIGNMENTS

AU172105 Belgrade BORBA in Serbo-Croatian 27 Feb 87 p 3

[Unnamed "team of BORBA correspondents" report on the delegates' question time at the SFRY Assembly session held in Belgrade on 26 February: "Before the Court of Honor"]

[Excerpt] "How many reserve Army officers in the territory of the Socialist Autonomous Province of Kosovo have been taken off their military assignments since 1981 due to their unsuitability and in how many cases have proceedings been initiated before the Courts of Honor?

Delegate Vasa Djukanovic received a written answer to that question from the FEC which states that, according to 17 February 1987 report of the Provincial Secretariat for National Defense and the head office of the Pristina Military District, in the period from 1981 to the present 310 reserve Army officers have been taken off their military assignments while proceedings before the Courts of Honor have been initiated against 16 out of those 310 reserve officers. The disciplinary measure of loss of rank was applied to three reserve Army officers.

It was also said that the assessment of the Federal Secretariat for National Defense was that reserve officers are promptly taken off their assignments for undermining [the Army's] reputation, and that initiatives for starting proceedings before the Courts of Honor are rather scarce.

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CSO: 2800/171

## WRAPUP ON CRITICISM OF YOUTH POSTER

AU131450 [Editorial Report] Belgrade BORBA in Serbo-Croatian on 3 March on pages 1 and 3, and Belgrade POLITIKA in Serbo-Croatian on 2 March on page 6 and on 3 March on page 8 carry extensive reports on reaction to the revelation that the poster approved by the Youth Day Celebration Committee was a copy of a 1936 Nazi poster.

BORBA on page 1 carries a 600-word TANJUG report on a statement by Hasim Redzepi, president of the Presidium of the Conference of the Socialist Youth Federation [SYF] of Yugoslavia. "I feel a deep revulsion at the swindle by the authors and the selection panel of the poster for this year's Youth Day celebrations, because the use of a Nazi design for one of the symbols of Youth Day is unacceptable and deeply hurts the feelings of the youth and citizens of Yugoslavia."

On the half of page 3 devoted to the issue, BORBA carries reports on statements criticizing the poster by the Republican Conference of the SYF of Bosnia-Hercegovina (400 words), the Presidium of the Republican Conference of the SYF of Montenegro (300 words), the secretary of the Republican Conference of the SYF of Macedonia (200 words), the Provincial Committee of the SYF of Vojvodina (300 words), and the Youth leadership of Subotica, Vojvodina (150 words). A 400-word report by Z. Medved from Ljubljana quotes a statement by Studio New Collectivism, which designed the poster, which says:

"Studio New Collectivism states that the reaction to the poster design for Youth Day does not give any opportunity for a democratic dialogue between the designers and the public. An a priori position that the poster design is a plagiarism of a Nazi picture, in which Nazi symbols are replaced by Yugoslav symbols, does not offer an opportunity for a creative interpretation, but harps on emotions and a superficial attitude regarding the insult of the struggle of the Yugoslav peoples and nationalities against fascism.

"The reaction caused by the 'disputed' poster shows that Yugoslav society is not yet mature enough to stand up to the moral demands of the past. Therefore we demand that the Youth Day poster be printed so that we may show that 1.7 million victims of Fascism did not die in vain."

POLITIKA on 2 March carries a 700-word report by S. Zikic from Ljubljana on a session of the Presidium of the Republican Conference of the SYF of Slovenia which decided that the poster should be withdrawn.

In a 900-word article entitled "New Games About the Poster," on the same date, Slobodan Zikic notes "the difference between the initial statement by Tone Anderlic, president of the Republican Conference of the SYF of Slovenia, which was prepared by the Secretariat of the SYF Republican Conference, and the official statement adopted last night by the Presidium of the Republican Conference of the SYF of Slovenia." Zikic points out that the official statement omits references to an "occasion for insulting the national liberation struggle of the peoples and nationalities of Yugoslavia, does not denounce the unethical act of the authors of the poster, does not reject the proposed poster, but decisively says that the replacement of the symbols bears a completely different, consciously anti-fascist significance."

Zikic reports that Ales Debeljak, a member of the Slovene SYF presidium, argued that the original statement "would mean accepting a limitation of the sovereignty of the Slovene SYF, and that the Presidium of the SYF of Slovenia would have constantly to revise its stands if literally anybody gets the idea to proclaim something an attack on the values of the national liberation struggle and the revolution."

POLITIKA on 3 March devotes its entire page 8 to the issue, quoting Hasim Redzepi, the Bosnian SYF Presidium, the Montenegrin SYF presidium, Slovene press reaction, and the statement by Studio New Collectivism as reported in BORBA on the same day.

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## YOUTH DAY POSTER, RELAY RACE DISCUSSED

AU142026 [Editorial Report] Belgrade BORBA in Serbo-Croatian on 4 March on pages 1, 3 and on 12 March on page 1 carries further reports on discussions of the Youth Day poster and organization of the Youth Relay Race.

BORBA on 4 March on pages 1, 3 carries a 1,000-word report by M. Mlakar on a session of the Federal Committee for Youth Day Celebrations in Belgrade on 3 March. "At a session lasting 6 hours," the committee annulled the decision on the Youth Day poster, "assessing that the poster is a copy of a Nazi picture and as such incompatible with our socialist precepts and reality. The committee assessed that the attempt by the authors of the proposed poster was a manipulation and provocation with a calculated political aim." It was decided to set up another panel to review further entries for the Youth Day poster.

"At the beginning of the session, Miodrag Mihailovic said he had not been at all shocked at the discovery of the origins of the poster: 'It was clear to me from the very beginning that the intention of the authors was not honorable, and their messages are more like mocking.' Mihailovic said that one can see a confirmation of political support for the members of the Federal Committee from Slovenia (Tone Anderlic and Igor Lavrs) in the statement by Joze Smole, president of the Republican Conference of the SAWP of Slovenia. According to Mihailovic, Smole commented without proper arguments that the show at the Yugoslav People's Army Stadium is to some extent counterproductive and that the gymnastics display has become a stereotype which repels not only young people but the public in general.

"This member of the Federal Committee wondered what the political persuasion is, that makes Comrade Smole believe in the idea of Christmas but doubt the idea of the Federal Youth Day Committee, which endorsed the panels' judgment regarding the scenario for this year. What is more, Mihailovic wondered what can one expect from young people when their teachers teach them badly. It is proposed that Joze Smole be publicly criticized for his distrust of the federal committee and that some of his statements in POLITIKA be examined in the Yugoslav Socialist Youth Federation and the SAWPY."

On page 3, BORBA carries an 800-word report by "M.M." reprinted from the third edition of BORBA of 3 March, on a special session of the Presidium of



the Federal Conference of the Socialist Youth Federation of Yugoslavia in Belgrade on 2 March. The session denounced the Youth Day poster as "a fraud and not an error" and considered that "it is 'obviously a hostile act.'" Nijaz Skenderagic said that 'the snake's egg of the poster' is part of 'a premeditated act against the personality of Comrade Tito.'"

The Presidium "assessed that the position of the Presidium of the Republican Conference of the Socialist Youth Federation of Slovenia was untenable. The latter in its official statement did not make an assessment of so-called artistic values, but sees the problem in a social context, which leads to even more confusion in the public and to more comment."

On 12 March, BORBA carries a 150-word TANJUG report from Belgrade saying that the Federal Youth Day Committee on 11 March adopted new designs for the Youth Day poster and the Youth Relay Race baton.

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CSO: 2800/171

## BORBA ON YOUTH DAY POSTER, ANTICOMMUNISM

AU131113 Belgrade BORBA in Serbo-Croatian 7-8 Mar 87 pp 7, 8

[Aleksandar Djukanovic commentary: "Low Level, Deep Roots"]

[Excerpts] The poster for the "Nova Gorica 86" Youth Festival, which was organized by the Slovene Youth Republican Conference on 19-21 September last year, was in the "New Collectivism" manner. The poster was naive in comparison with the one designed for Youth Day, with allusions of the "possibly, but not necessarily" kind.

## Geography and Geometry

Since the Nova Gorica festival in September, the provocations have escalated. They have ranged from the informal "referendum" in Ljubljana's Plecnik Square on who is for and who is against the youth relay race, through the official proposal of the Slovene youth leadership that the youth day baton should stay in one place in that republic and the fraud with the poster, to the article carried in the student newspaper TRIBUNA the day before yesterday which said that we do not need the youth relay race and asked what use the manifestations of brotherhood and unity were today. "What does the manifestation of brotherhood and unity do," the Ljubljana student newspaper TRIBUNA asks in its editorial entitled "The Relay Race Finished--All Is Well." It serves nothing else, the author of the editorial is quick to answer, but to cover up the existing disunity and differences in the country.

The Federal Committee for the Youth Day Celebrations demanded responsibility for the Youth Day poster everywhere, but it failed to establish its own. Its members may not have to know where the poster was copied from, but they have to know that the equality of peoples and nationalities is not simple geography and geometry, and that independence for some people is not a permit for them to give their brains a rest and for others to close their eyes. Even more so since the same committee has heard the remarks of its members from Slovenia --who were so loud about recommending--on why we need Vuk Karadzic in the Youth Day celebration program and why we need that kind of past. They were obviously turned too much to a different kind of past and different kind of symbol.

The Slovene Youth Organization and other political organizations will certainly be establishing the responsibility of their members in the poster affair. That is, after all, their job. However, in order not to have anything remain at the level of geometry and geography, there is the common question of establishing the responsibility of all those people who incited from Slovenia the anti-Slovene mood outside Slovenia, and anti-Yugoslav mood in Slovenia.

### Ink and Blood

We are living in a time when anticommunism is coming more and more to prescribe the criteria of moral, artistic values, rules of democracy, methods of production and distribution, and the essence of relations between people and nations.

Those who know a lot about the theory of anticommunism can easily see the wavelength of anticommunism along which images and symbols were transferred from a Nazi poster to a poster of a manifestation in a socialist country which has its historical values and modern needs.

Repeated on different meridians, from South Africa to Chile, from Europe to Cambodia is the terrible historical experience that the forces which so heedlessly spill ink immediately afterward spill blood and in the same way.

Because of all that is happening in Europe and in the world on the theoretical and the "action" plane in connection with anticommunism, the proposed Youth Day poster is not only an insult to the history of the victims, the fighting, and the relations of our peoples and nationalities, but something much worse.

Anticommunism in our country expects of social relations to return to the prerevolutionary times, for the beginning at least to be prerevolutionary interpretations of social and particularly national relations. Therefore, the proposals for introducing bourgeois that is, civilian [gradjansko odnosno civilno] society and their type of democracy represent that initial action move on which world anticommunism seriously counts.

The specific hope of world anticommunism is that through various "alternatives" it will make fissures in the political system of socialist self-management in Yugoslavia, negate the historic role of the workers class, and therefore contribute to attempts to liquidate the LC as leading force.

Another characteristic of anticommunism in Yugoslavia is its special link with nationalism, either nationalist particularism or unitarianist hegemonism since they need each other as stimulus and fodder. Finally, both of them, each in this way, feed the thesis of world anticommunism on the equality of nazism and socialism as totalitarian systems. Apart from this, nationalism is a part of the general consensus of anticommunist forces in Yugoslavia about the principled advocacy of the liberalization of society, reduction of the repression of totalitarian power, struggle against the "Stalinist" nature of society and the Comintern essence of the party. Consensus was also reached about representing the socialist revolution as civil war and about demands for

treating victors and the defended on the same level, for national reconciliation and forgiveness, and for treating the graves in the same way.

However, the question is also asked here of whether the remnants of the old counterrevolution and its new forms are on the increase because another form of counterrevolution, which takes advantage of our democratic forms and social means, is flowing along "legitimate channels."

There is also the question of whether the LC tolerates some forms of opposition and counterrevolutionary destruction simply because it is afraid of losing its democratic image or it is limited by some other circumstances, starting from relations of forces within itself, through more and more vociferous "advocates" of national-bureaucratic socialism, to its internal ideological, action, cadre, and moral crisis.

Therefore, along with the truth that the opposition, nationalism and counterrevolution occupy as much room as the LC leaves them, the following question is also inevitable: Apart from "leaving room," will the LC also leave the opposition the possibility of choosing the rules of the political game and the methods of political struggle itself?

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CSO: 2800/171

## RADIO REPORTS YOUTH RELAY RACE CEREMONY

AU11900 [Editorial Report] Belgrade Domestic Service in Serbo-Croatian at 1455 GMT on 21 March jointly with Zagreb, Novi Sad, Sarajevo, Titograd, and Skopje radios carries a live relay from Bohinjska Bistrica, Slovenia, on the ceremonial start of the traditional Youth Relay Race. The ceremony is attended by "high republican and federal officials," whom the announcer does not name.

The relay baton has been taken to the top of Triglav, the highest mountain in the SFRY, and brought back by a team of mountaineers. At 1515 GMT, local schoolchildren pass the baton from hand to hand and place it on a pedestal. Fanfare sounds and the Yugoslav anthem is sung in Slovene.

At 1520 GMT, Ace Kocevski, secretary of the Presidium of the Federal Conference of the Socialist Youth Federation of Yugoslavia, makes a 7-minute speech in Serbo-Croatian. He speaks about the Youth Relay Race as "a symbol of the continuity of the revolution, an expression of devotion and love for Comrade Tito, architect and strategist of our revolution, independence, and socialist self-managing development, and a symbol of our consistent adherence to his historical thought and work."

"We live in a period in which a far-reaching fateful struggle is going on for the development of the political system of socialist self-management," Kocevski says. "With a pushing boldness, proposals and concepts whose propaganda cover is democracy but whose essential foundation is the conviction that socialist self-management is a historical failure, parade on the political scene. They find their support in our contradictions and weaknesses. They are nourished by national historical elements pretending to be class elements, they swear to the interests of the workers class but they push this class into nationalist fields."

"Under such conditions, the organized forces headed by the LCY, by working in the masses everywhere self-managing goes on, must fulfill their primary role, the role of the cohesive factor of society in general. Essential changes in the direction of opening up new views are our joint obligation at this time. The youth organization sees a challenge in this," Kocevski says.

"Comrades, in its sincere efforts to pull the country out of the economic crisis, the young generation does not want to be either a fellow traveler or



an observer. Mass unemployment, innumerable homeless people, a fall in the standard of living are paradoxes of self-managing socialism and our daily worry. To mitigate them and then to eliminate them for good can only be done with a dynamic economic development on the basis of a constant expansion of the material basis of labor. A prerequisite for this is a change in the development and economic policy in the direction of changing over to higher-quality factors of production, which necessarily demands a restructuring of the economy. Therefore, and not only therefore, it must not be all the same to us what development our society will decide on. We do not want to be picking scraps from the technological capital market. We do not want to become even more dependent technologically on those who with a broad smile and a friendly handshake offer outdated technology so that they may buy our surplus labor in the most efficient manner," Kocovski says in his speech.

He is followed on the rostrum by a schoolboy from Radovljica and by Miha Potocnik, veteran mountain climber, who speaks about environment issues. The band plays, a choir sings, and schoolchildren take the baton to a hall where a show will be staged. The relay ends at 1543 GMT.

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## YOUTH FEDERATION ADOPTS YOUTH RELAY BATON MESSAGE

LD211738 Belgrade TANJUG Domestic Service in Serbo-Croatian 0928 GMT 21 Mar 87

[Text] Bohinj, 21 Mar (TANJUG)--The Presidium of the Federal Conference of the Federation of the Socialist Youth of Yugoslavia has adopted the message for the 1987 youth relay baton event. Here is the full text of the message:

"Now is the time to recall what Josip Broz Tito said about himself and history 50 years ago. Freedom has never been given away as a present. There is no future for the indecisive.

"This message is therefore intended primarily for ourselves.

"We are at the threshold of the future, and what it is going to be like depends solely on us.

"We have been growing up together with the crisis, and we are witnesses to each of its stages. After the "First Reader" books and partisan stories from the war, our first experiences of social life were in the form of inherited debts, divisions, endless lists at employment bureaus.... The bad tempered landladies of our cramped little lodgings have taken over the role of the convincing political lecturers.

"From individuals lacking confidence both in society and ourselves, we have become a generation lacking confidence in our own future and the future of society. Now, when Yugoslavia, the brotherhood and unity and this baton relay race have to be defended, we, the young, often feel powerless, trapped by this mistakes of others and by our own dilemmas.

"What has happened to the signposts? We do not need constant repetition of how we have always been the strongest in the most difficult situations, thus using the past to comfort ourselves. We like victory the most, and, of course, the next one is always the most attractive. We want to be part of history.

"To support the revolution is, to continue to develop it.

"To be for self-management is, to continue to develop it.

"We cannot afford to continue to be a generation that constantly shrugs its shoulders.

"We are proud to have our own, critical ideas about the world, socialism, and about the realities of our self-management. The future will not criticize us for that. Nor should those of you who still have not decided whether to heed our voice or not.

"Are we trying to reach the heights too quickly?

"Of course, one cannot reach these heights so quickly.

"Yugoslavia's pioneers and Youth."

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CSO: 2800/171

## KOROSEC ADDRESSES ECONOMISTS' GATHERING

AU191814 Belgrade BORBA in Serbo-Croatian 28 Feb-1 Mar 87 pp 1, 3

[V. Vignjevic, J. Radovanovic, and D. Bisenic report on a gathering of economists organized by the LCY Central Committee in Belgrade on 27 February]

[Excerpts] High inflation, a fall in exports, slow restructuring of the economy, and a danger of even more administrative regulations at the expense of economic laws are feeding a crisis that is getting worse. Therefore, deep surgical cuts are needed in the economy and in society in general: they need hospitalization and not outpatient treatment. In a word, the Long-Term Economic Stabilization Program must finally be applied completely and without vacillation. This, in short, would summarize what was said at a conference today of about 50 Yugoslav economists organized by the LCY Central Committee, as part of the preparations for the announced March plenum of the Central Committee on ideological trends in society.

In his opening remarks, Stefan Korosec, member of the LCY Central Committee Presidium, first presented some of the quandaries connected with the preparation of this gathering, including the following: In order to arrive at a synthesis in the discussion, a smallish group of experts should be gathered, if possible without any contact with the public through journalists. Korosec then stressed the significance of ideological trends in the field of economics, assessing that it is not dominated by the two extremes--the statist-centralist and the neoliberal beliefs--although both are present, but neither predominates. Science nevertheless demands solutions on the basis of socialist self-managing relations, social property, laws of commodity production and the market, planning, and modern technological development. However, this does not exclude the need for examining, precisely from an ideological point of view, political economic problems (social property, unified Yugoslav market, an income distribution system, accumulation).

The member of the LCY Central Committee Presidium remarked that the 13th LCY Congress resolutely supported the Long-Term Economic Stabilization Program, but that more and more criticism is being addressed at the LC because of the program's slow implementation. He also directed attention to the present complex economic situation which is expressed in increased inflation and worsening of foreign liquidity, which is a real danger of renewed

vacillation about the market orientation and the introduction of real economic categories, and of a resort of administrative measures. Speaking about the relationship between politics and the economy, Korosec stated that politics must certainly develop democratic machinery more quickly, but the question of interests is a key problem of politics. Therefore it is the task of politics to determine the long-term interests and machinery that lead society in general forward. In this respect, he stressed among other things that it is necessary to pay much more attention to arguments of economic thought, and vice versa, economics must take over the battle for its own arguments and assume its own share of responsibility for those social decisions which have been adopted in the process of political decisionmaking on the basis of its arguments.

Dragoslav Vojnic, the first to take part in the discussion, expressed his disagreement with the theses presented in the material prepared for the session to the effect that economic categories cannot be introduced without a reduction in inflation, and that the LC should initiate a program of measures and actions in this respect. I am against it, Vojnic said, if it implies that the LC should push aside the Long-Term Program and create a new one.

Having said that our system, in addition to its humane values, must show itself to be efficient when measured above all by productivity and economy, Kiro Gligorov stressed that it was not permissible that support for commodity production and markets should be equated with "laisse faire" economics, capital relations, and similar labels.

Branislav Soskic reacted to that part of Korosec's speech which said that journalists should not attend the discussion. Soskic believed that this should not be done. Journalists should not be excluded for the sake of openness precisely when major problems are cleared up. After all, too many people are present in the newspapers because of their functions or position, and there are not enough discussions and papers by economists.

Dr Ivo Perisin warned about the piling up of barren discussions which lead to no synthesis whatever and remarked that even party forums avoid dealing with fundamental economic problems, because in his opinion the amount of existing disagreement is such that profound divisions could be caused. ("If they do not deal with these problems, will they play with yo-yos at Central Committee sessions," Perisin asked.)

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CSO: 2800/171

## KOSOVO EXECUTIVE COUNCIL ON LANGUAGE USAGE

AU170955 Belgrade BORBA in Serbo-Croatian 6 Mar 87 p 14

[R.B. report: "Alphabet--According to the Constitution"]

[Text] Pristina, 5 Mar--The Kosovo Executive Council discussed the conclusions reached by the Serbian Executive Council regarding the text entitled "The phenomena and problems in the official usage of languages and alphabets in the Socialist Autonomous Province of Kosovo." The statement issued says among other things:

The SFRY Constitution regulates and guarantees the citizens' freedom of expressing nationality affiliation, that is nationality; the freedom of expressing national culture; and the freedom of using own language and alphabet. The SFRY Constitution also states that, in accordance with the Constitution and the Law, the members of nationalities have the right to use their own language and alphabet in exercising their rights and duties as well as in dealings with state organs and organizations which perform public duties (Article 171, Paragraph 1).

Article 246 of the SFRY Constitution proclaims the principle of the equality of the languages and alphabets of the peoples and nationalities on the territory of Yugoslavia and states that in the SFRY the languages for official use are the languages of the peoples, and that the languages of the nationalities are in accordance with the Constitution and the Federal Law.

Proceeding from this constitutional arrangement of the question of the equality of the peoples and nationalities regarding language and alphabet in the federation and in the SR of Serbia, the Constitution of the Socialist Autonomous Province of Kosovo regulates the equality of the peoples and nationalities of the Socialist Autonomous Province of Kosovo and ensures the equality of the Albanian, Serbo-Croatian, and Turkish languages and their alphabets. In accordance with constitutional position of the Socialist Autonomous Province of Kosovo in the SR of Serbia and the Federation, the question of the equality of languages and alphabets is also regulated by a special law.

Considering this kind of constitutional and legal arrangement of the official usage of languages and alphabets, the Executive Council is of the opinion



that one cannot conclude that the constitutional and legal arrangement of the official usage of languages and alphabets in the Socialist Autonomous Province of Kosovo contravenes the appropriate provisions of SFRY Constitution and that the official usage of the language of the peoples is brought into the question.

The peoples and nationalities of Kosovo regard the equality of languages and alphabets as an important creation of our revolution and one of the most important factors of national equality which is bringing the peoples together.

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CSO: 2800/171

## KOSOVO BODY ISSUES REPORT ON 'SUSPICIOUS' FIRES

LD092034 Belgrade TANJUG Domestic Service in Serbo-Croatian 1629 GMT 9 Mar 87

[Text] Pristina, 9 Mar (TANJUG)--The Kosovo Provincial Secretariat for Internal Affairs has investigated the unexplicable and suspicious cases of fire, explosions, accidents and other forms of damage to socially and privately owned property in the province in the 1981-85 period.

The Secretariat's report was recently adopted by the Executive Council of the Socialist Autonomous Province of Kosovo. Work on establishing the causes of some of the incidents was one in conjunction with the Federal Secretariat for Internal Affairs and the Internal Affairs Secretariat of the SR of Serbia.

According to the report, which was today passed to the information media, out of the total number of fires on privately-owned property, 102 damaged property belonging to people of either Serbian or Montenegrin nationalities. In 73 cases, or 71.5 percent, the causes of the fires have been established. The report says that 40 fires were caused by negligence, 23 due to technical shortcomings, 1 was caused by lightning, while 5 were started deliberately as acts of revenge and unresolved property deals. In four of these, people involved were of either Serbian or Montenegrin nationalities, while in one case the fire was started by an Albanian as an act of revenge.

Not 1 of the resolved cases of fires in 1986, when a total of 702 fires was recorded, was started out of hostile motives, although in 2 cases, when fire damaged the property of a person of Serbian nationality, there was cause for suspicion.

The internal affairs organs resolved the cases of 27 accidents. None of these was committed out of hostile motives. According to the report, nine explosions were registered last year, but not one out of hostile motives. There were 20 cases of destroying or desecrating gravestones, 16 in Serbian Orthodox and 4 in Muslim cemeteries. A total of 14 people were detained for committing 9 of these criminal acts; 11 of them were of Albanian and 3 of either Serbian or Montenegrin nationalities; 10 of them were juveniles and 4 were adults.

## REACTION TO 'SLOVENE NATIONAL PROGRAM' REVIEWED

AU122159 [Editorial Report] Belgrade BORBA in Serbo-Croatian on 21-22 February on page 7, and on 26 February on pages 3 and 8 carries reports on Slovene reaction to the "Contributions to a Slovene National Program" published in Ljubljana NOVA REVIJA, issue No 57.

On 21-22 February, BORBA carries an 800-word report by J.P. from Ljubljana on a statement made by Janko Smole, president of the Republican Conference of the SAWP of Slovenia, about the articles published in NOVA REVIJA. According to Smole, the contributions "in several places negate or question the legitimate nature of the national liberation struggle and of the social system that emanated from this struggle, its institutions, and the holders of power; and they present in a historically incorrect and politically extremely tendentious manner the position and role and prospects of the Slovene people within self-managing socialist and federal Yugoslavia. Also unacceptable and incorrect are some views on the role and position of some other peoples of Yugoslavia, for whom their national statehood had allegedly been created by decree; in its ultimate consequences such a claim negates the validity of the constitutional concept of Yugoslavia as a federal state and a self-managing socialist community of the peoples and nationalities."

Smole is reported to have explained that NOVA REVIJA, a "monthly for culture and the arts," was founded in October 1981. "By publishing some of these articles, which in principle reject the system of socialist self-management, coupled with other questionable and extremely questionable theses, the NOVA REVIJA editorial board, together with the chief and responsible editor, trampled upon the provisions of the founding act, Smole further says in his press statement."

On 26 February on page 3, in a 500-word report by J.P. from Ljubljana, . . . says that a session of the Presidium of the Republican Committee of the Veterans Federation of Slovenia on 25 February discussed the NOVA REVIJA articles. It was said in the discussion "that the NOVA REVIJA articles contain dangerous theses which insult not only the Slovene people but also other Yugoslav peoples who fought jointly for the SFRY as a common motherland, that what is involved is a crude political attack on our social system, permeated with pronounced anticommunism and directed against socialist self-management."

The Veterans Presidium is also reported to have stated that "no dialogue is possible with such anticommunist and antiself-managing theses which have repeatedly drawn attention, demanding a more resolute political-democratic settling of accounts." Such theses "had earlier been presented as a contribution to democratization and a democratic dialogue, but now it has been clearly shown that this was only a smokescreen and that they are directed against the constitutional system, which should be clear to these writers who consider themselves top intellectuals, just as it should be clear to them that this is an abuse of democracy. They, in fact, want to impose themselves as a political opposition," and "are linking up with those who think alike all over Yugoslavia, including the Albanian separatists and their slogan, 'Kosovo-Republic.'"

On page 8 on the same day, BORBA carries a 500-word report by V. Zagorac on a meeting of Slovene writers in Ljubljana on 25 February. Under the auspices of the SAWP of Slovenia they discussed the SFRY presidency proposal on constitutional amendments. "They invited Professor Dr France Bucar, author of one of the essays in NOVA REVIJA issue No 57, to explain the text of the proposals.

"Repeating the statements in NOVA REVIJA, Bucar stressed that he believes that constitutional changes are necessary in our society because 'the present model developed by Kardelj constitutes a Yugoslav constitutional tragedy,' but the changes should not run in the direction of the 'unitarian and centralist way of searching for solutions offered by the SFRY Presidency Proposal,' for such an approach 'endangers the Slovenes' and 'in structure and content, it offers a state resembling the Serb-Croat-Slovene creation,' Bucar 'explained.'"

Another author of a NOVA REVIJA article, Spomenka Hribar, "stressed that 'one should discuss the constitutional position of the party,' because 'the constitutional changes constitute a party military coup against society.'"

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## SLOVENE SAWP PRESIDIUM ADOPTS STANCE ON NOVA REVIJA

LD122203 Belgrade TANJUG Domestic Service in Serbo-Croatian 1631 GMT 12 Mar 87

[Excerpts] Ljubljana, 12 Mar (TANJUG)--The Slovene SAWP Republican Conference Presidium today adopted conclusions on certain contributions published in the 57th edition of NOVA REVIJA. At the same time the Presidium was acquainted with the opinion of the coordination committee for cadre questions of the Slovene SAWP Republican Conference with regard to certain cadre proposals for the new leadership of NOVA REVIJA. The mandate of the old leadership of NOVA REVIJA expired last year, and the nomination procedure for the new leadership has already begun, although this would also, according to proposals being submitted by NOVA REVIJA, in fact be outdated. Dmitrij Rupel is being proposed as chief editor, and Ivo Urbancic as executive editor. It is the considered opinion of the coordination bureau that neither of these can carry out these functions. A negative opinion was also expressed about Niko Grafenauer, the president executive editor of NOVA REVIJA, whose mandate has already expired.

The Slovene SAWP Republican Conference Presidium assessed after a broad and earnest debate on the content of the 57th edition of NOVA REVIJA, in which a group of associates on the review prepared contributions to the "Slovene national program," that the contributions of certain authors were, particularly in certain assessments, unacceptable, historically inaccurate and untrue.

Certain authors negate in several places the legitimacy of the national liberation struggle, the social system, institutions and exponents of government which arose from it, and depict in an historically inaccurate and politically tendentious way the position and role of the Slovene nation and its prospects within socialist self-managing and Federal Yugoslavia. Also inaccurate and unacceptable are those individual stances which speak of the role and position of certain other nations of Yugoslavia which allegedly had their national statehood imposed on them, which negates the legitimacy of the constitutional foundation of Yugoslavia as a federal state and socialist self-managing community of equal nations and nationalities. The view of the role of the LC in our socialist society is also unacceptable. The attitude toward the Yugoslav People's Army as the common armed forces of the nations and nationalities

of Yugoslavia is just as tendentiously colored. Individuals also intentionally overlooked the undisputed cultural progress and social development of the Slovene nation.

Certain authors advocate a "Slovene" national program which would supposedly make possible the happy future of the Slovene nation, offering a solution "in the introduction of a multi-party system and secession from the community of Yugoslav nations." They are not concerned with the consequences for the Slovene and other Yugoslav nations, or with the consequences of irresponsible manipulation of the right to self-determination, which is in any case the indisputed right of every nation.

Many individuals and socio-political organizations condemn this kind of writing as being clearly anti-communist, anti-self-management and anti-Yugoslav theories disseminated in the said edition of NOVA REVIJA.

The Presidium thus suggests to the editorial board of NOVA REVIJA Cankarjeva Založba as the founder and publisher, the social organs of the review and social factors which have delegates in them, that they should responsibly assess the contributions in the 57th edition of NOVA REVIJA from the viewpoint of the provision in the founding act on the inauguration of NOVA REVIJA and of the program guidelines of the SAWP. Within this framework it is necessary to assess particularly the responsibility of the editorial board, the chief and executive editor of the review. The Presidium therefore fully supports the view and assessment of the coordination committee for cadre questions of the Slovene SAWP Republican Conference Presidium.

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## MACEDONIAN SAWP PRESIDIUM STANCE ON NOVA REVIJA

LD142101 Belgrade TANJUG Domestic Service in Serbo-Croatian 1211 GMT 14 Mar 87

[Excerpt] Skopje, 14 Mar (TANJUG)--Examining the political implications evoked by the hostile ideopolitical platform in a section of the contributions published in the 57th edition of NOVA REVIJA, the Macedonian SAWP Republican Conference Presidium adopted stances and assessments at its latest session.

Today, when the working class, working people and citizens, and all organized socialist forces headed by the LC are involved in overcoming socio-economic problems and difficulties, we are faced with increasingly aggressive anti-socialist, anti-self-management, nationalistic, separatist and anarcho-liberalistic activity, it is stressed in the stances which were published today, through which individuals and groups openly express their call for a bourgeois revival of our society and the negation of our revolution.

It is such hostile tones that were voiced by a group of authors in the magazine NOVA REVIJA, who formulated through this public platform a complete anti-Yugoslav, an anti-Anti-Fascist Council for the National Liberation of Yugoslavia [AVNOJ] and separatist program and platform. Behind a mask of "philosophical and sociological discussions," they negate all the gains of the national liberation struggle and the socialist revolution, and dispute the identity and authenticity of certain Yugoslav nations, and their right to statehood and sovereignty within the framework of the SFRY.

Expressing the concern of the working class, the working people and citizens of the SR of Macedonia, the presidium of the republican conference condemns the impudent attacks made in the writings against the historical foundations and AVNOJ principles of the federal integration of the Yugoslav community.

The Macedonian SAWP Republican Conference Presidium rejects with indignation, the stances stress, the stands published in NOVA REVIJA which negate the national individuality of the Macedonian nation and other nations in Yugoslavia. This is embarking on the well-known falsification of the centuries of struggle for independence, statehood and national sovereignty of the Macedonia nation which we encounter outside our country.

The stands in a section of the "Contribution to the Slovene national program" by a group of hardened nationalists, which were published in NOVA REVIJA, should not be identified with the overall socialist self-managing orientation of the Slovene nation.

Discussing other anti-socialist manifestations and phenomena, which in their form of democratic expression of freedoms recall the darkest times of the past, the presidium members condemned the provocative design of the poster for Youth Day which was produced by the Novi Kolektivizam studio. The Macedonian SAWP Republican Conference Presidium assesses this attempt as manipulation and a crude provocation with calculated political aims, directed toward, among other things, violating the most glorious gains of the national liberation struggle and socialist revolution, the (?work) and person of Comrade Tito and the young generation of our country, the stances of the Macedonian SAWP Republican Conference Presidium stress.

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## DOLANC DEFENDS CONSTITUTIONAL CHANGES IN SLOVENIA

LD190015 Belgrade TANJUG in English 1914 GMT 18 Mar 87

[Text] Ljubljana, March 18 (TANJUG)--Apprehensions that amendment of the Yugoslav Constitution could pave the way for a return to obsolete centralistic relations, or for separatist tendencies and other retrogressive processes, are unjustified, said Yugoslav State Presidency member Stane Dolanc today.

Speaking in the assembly of Slovenia of the state presidency's recent proposal on starting procedures for amending the constitution, Dolanc underscored that the proposal resolutely insists that no changes be made in the fundamental principles of the constitution.

The proposal relates only to changes in the normative (?part) of the Constitution which should enable the consistent and full implementation of the fundamental principles embodied in the 1974 constitution, he said.

Speaking of the debates so far on the proposed constitutional amendments, Dolanc noted that they devote special attention to proposals regarding relations in the federation and the organization of its bodies. Interest in the functioning of the federation is growing concurrently with the emergence of certain problems, particularly disintegration processes in various areas of our federal community, he said.

The delegates to the Assembly of Slovenia gave full support to the State Presidency's proposal. They also emphasized that changes in certain provisions cannot by themselves result in decisive changes in social practice. It is therefore necessary to change this practice and consistently implement the policy of economic stabilization, they pointed out.

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## BORBA CARRIES FIGURES ON KOSOVO MIGRATION

AU190956 Belgrade BORBA in Serbo-Croatian 5 Mar 87 p 6

[Milos Antic article: "Kosovo Migration in the Light of Latest Data: More Room in Return Trains"]

[Excerpts] From 1982 until the end of last year, 3,013 persons of Serbian and Montenegrin nationality have returned to Kosovo. We received the data from the Secretariat of the Commission for Stemming the Emigration of Serbs and Montenegrins of the Kosovo Executive Council, which collects data from all the communes in the province.

Out of the total number of returnees, every third--or more precisely, 1,163 persons--has got employment. Those who returned were chiefly workers, and there were very few professionals and whitecollar workers. There are hardly any agricultural producers among those who returned, and particularly none of those who abandoned their farms.

What strikes one's eye is the report that only 207 families returned in the past 5 years. Data show that these are chiefly families with two or three members. In the second half of 1986, for instance, only 12 families, with 33 members returned, of whom 3 went to Gnjilane, 2 each to Titova Mitrovica and Vitina, and 1 each to Klina, Lip!jan, Pec, Prizren, and Sava Reka. This means that only 8 out of 23 Kosovo communes have at least one family among those who have returned. Some of the large and developed communes, such as for instance Pristina, Djakovica, and Urosevac, have no ethnic Serbian or Montenegrin families who have returned.

From 1982 until the end of December last year, 21,443 ethnic Serbian or Montenegrin persons emigrated from Kosovo. The emigrants were most numerous in 1982, when there were 6,746; there were 4,324 a year later; 3,591 in 1984; 3,486 in 1985; and 3,291 last year, which fortunately is somewhat less than the previous year, although the forecasts on the basis of the number of emigrants in the first half were much more pessimistic.

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## DISPUTE OVER CROATIAN LC STATUTE RESOLVED

AU130247 Belgrade BORBA in Serbo-Croatian 20 Feb 87 p 2

[Seada Vrabic article: "Open Lists Have Won Reprieve"]

[Excerpts] Expected or not, good or bad (depending on how one looks at it), the outcome of the last session of the LCY Statutory Commission has ended the uncertainty about the obligatory open lists of candidates and of limiting the number of posts in party organs which all the communists of Croatia voted for a made even statutorily binding at their 10th Congress. Playing the role of a "supreme arbiter," the Statutory Commission worked out, or one could even say passed a verdict, that the provisions of the Croatian LC statute, which have until recently been controversial, are in fact not controversial. Essentially they do not contradict the LCY statute, which in fact means that they do not pose a threat to unity in the LCY either.

This kind of explanation has ended the unusual dispute between the Central Committee and the Statutory Commission of the Croatian LC, the dispute which, because of its principled character, could only be solved at a higher level. At the last plenum of the Croatian LC the statutory commission, in accordance with the 13th LCY Congress resolutions, suggested and explained which republican party statute provisions should be brought into line with the Yugoslav Statute. All proposed changes except the two mentioned above were unanimously accepted by the Central Committee members.

At the plenum there was therefore a confrontation of two principled but unyielding views. The Croatian LC Central Committee did not want to "hastily decide" about this very important issue through outvoting probably because it did not want to stir up stories about its alleged avant-gardism in the LCY, or speculations that Croatia is disturbing the party unity. This is why the final verdict was left to the LCY Statutory Commission.

The dispute was therefore solved in this way but some other things have also been solved. So for example, this provided a direct answer to all those who, dissatisfied with the outcome of the party election in Croatia, claimed that the election was not statutory because "open lists" and a limited number of posts were not based on the Statute of the Croatian LC. What is more important, even crucial, is the fact that the LCY Statutory Commission's decision has nipped an alleged dilemma in the bud, namely stories that unity and democracy are mutually exclusive.

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## PAPER REFUTES CARDINAL'S PESSIMISM ON CHURCH-STATE RELATIONS

LD072249 Belgrade TANJUG Domestic Service in Serbo-Croatian 1930 GMT 7 Mar 87

[Text] Zagreb, 7 Mar (TANJUG)--Can one speak of an improvement in relations between the Catholic Church and the socialist state in our country in the recent period? No! The improvement is purely declamatory, while reality does not follow in the footsteps of public declaration--Cardinal Franjo Kuharic, Archbishop of Zagreb, president of the Bishop's Conference of Yugoslavia, considers.

This pessimistic evaluation--the Zagreb VJESNIK says in its Sunday edition--is the framework of a lengthy reply in an extensive interview to the Catholic monthly VERITAS, the organ of the Franciscan Conventual Friars and at the same time one of the most politicized religious newspapers. The SUNDAY GLAS KONCILA also carries this reply. On what does Cardinal Kuharic base his pessimism? First and foremost on the judgment that believers do not enjoy real equality in our society. What is more, in response to the previous question, Kuharic twice expressed regret that the protocol is not a concordat, and so does not resolve all issues, and at the same time he stressed that a protocol between the Holy See and the SFRY would probably be different today precisely in regard to the equality of believers.

The source of the problem, according to the Zagreb cardinal, lies in the very nature of the socialist state itself, in which "the whole of official public life is founded upon the constitutionally adopted ideology of Marxism--and so far nobody has separated atheism from Marxism."

The cardinal, VJESNIK goes on, scrupulously enumerates the opportunities the church has in our constitutional and legal system. To judge by all events, this is not the basis of his pessimism. If the aspects of freedom of religion the cardinal enumerates in his reply are not in dispute, then what is disputed? Evidently, two things: Political freedom (that is, the political equality of believers), and the nature of the state in which that freedom is (not) realized--the VJESNIK commentary says.

One part of the argument in Kuharic's reply is inaccurate--VJESNIK goes on--and one part is at best imprecise. It is correct that membership of the League of Communists is considered to be incompatible with religiousness,



but (Kuharic's allegation) that this extends to members of a person's family, too, is incorrect. The cardinal's statement that "the duty to struggle against superstition and against religion still stands in the LC program" is inaccurate.

It is clear from what was cited in the reply that the essence of Cardinal Kuharic's comments relates not to religious freedoms but to political freedoms. Citizen and Voter Franjo Kuharic undoubtedly has every right to this. It remains to be analyzed further, however, exactly what the meaning is of such standpoints on the part of the top man of the Catholic Church in Yugoslavia, how far they should be interpreted in a programmatic way as a political program, and how far merely as the noncommittal reflections of the prince of the electors of the Roman Church.

In conclusion, the VJESNIK commentator points out that practice--particularly outside the hierarchical leaderships--provides us with quite a few reasons for concluding that relations between church and state (and particularly if we understand these as relations between social and religious communities) are nevertheless steadily improving. We are sure that the key way to improve them further is dialogue, and in this regard even Kuharic's contribution here is valuable, too, if only because it clearly defines one of the dominant positions in the Catholic Church--the VJESNIK commentary concludes.

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## BRIEFS

ORLANDIC TO MEXICO--Marko Orlandic, member of the LCY Central Committee Presidium, has left for Mexico where he will head our party delegation at the 3d Congress of the United Socialist Party. Orlandic will also visit Cuba at the invitation of the Cuban Communist Party. [Text] [Belgrade Domestic Service in Serbo-Croatian 1800 GMT 23 Mar 87 AU] /6662

ASSEMBLY BODY ON EUREKA, CEMA PROGRAM--[TANJUG report: "Technological Development and Yugoslavia"]--The Committee for Foreign Policy of the SFRY Assembly Federal Chamber assessed at its session yesterday that Yugoslavia's joining the Eureka program and the realization of the CEMA Complex Technological Program is of great interest for Yugoslavia and is in conformity with its strategic technological orientations. Members of the committee made many critical remarks about the practice in this sphere so far. At its session chaired by Mijat Sukovic, the committee also assessed that joining the realization of one of the programs does not exclude the need for and possibility of joining the realization of another program. On the contrary, this gives Yugoslavia the opportunity to benefit to the maximum from the advantages offered by both programs. Yugoslavia's nonaligned policy, as was said, enables it to join both scientific and technological development projects. The committee noted that Yugoslavia's joining the projects represents a contribution to creating development-technological prerequisites for the integration of Europe. Restricting the projects to a certain number of countries would lead to a deepening of divisions in Europe, even in the development-technological sphere. [Text] [Belgrade POLITIKA in Serbo-Croatian 12 Mar 87 p 2 AU] /6662

MONTENEGRIN RECEIVES USSR'S MALTSEV--Titograd, 19 Mar (TANJUG)--The president of the Montenegro Presidency, Radivoje Brajovic, received Viktor Maltsev, the USSR ambassador in Yugoslavia, in Titograd today. On this occasion, talks were held concerning cooperation between the USSR and Montenegro as part of the overall Yugoslav-Soviet cooperation. The Soviet ambassador was also received in separate visits by Velisav Vuksanovic, president of the Montenegro assembly; Vuko Vukadinovic, president of the Montenegro Executive Council; and Milenko Stefanovic, president of the republic's Committee for Foreign Relations. [Text] [Belgrade TANJUG Domestic Service in Serbo-Croatian 1331 GMT 19 Mar 87 LD] /6662

AUSTRIAN INTERIOR MINISTER'S VISIT--Ljubljana (APA)--On the weekend Interior Minister Karl Blecha met with Stane Dolanc, member of the SFRY Presidency, and his Slovene counterpart Tomaz Ertl in order to discuss questions of terrorism and drug-related crimes. [Text] [Vienna NEUE AZ in German 16 Mar 87 p 2 AU] Ljubljana, March 14 (TANJUG)--Yugoslav Federal Premier Branko Mikulic conferred with Austrian Interior Minister Karl Blecha in Ljubljana today. The talks covered security matters in Yugoslavia and Austria, and a number of other questions of interest to the two neighbouring countries. Blecha was today received also by Yugoslav State Presidency Member Stane Dolanc. The Austrian interior minister is visiting Yugoslavia at the invitation of Yugoslav Interior Minister Dobroslav Culafic and Republic of Slovenia Interior Minister Tomaz Ertl. Blecha today also attended the world cup ski jump competition on Mt Planica. [Text] [Belgrade TANJUG in English 1941 GMT 14 Mar 87 LD] /6662

PARLIAMENTARIANS IN TURKEY--Ankara, March 16 (TANJUG)--As Balkan countries, Turkey and Yugoslavia are developing good and friendly relations and hope for the future promotion of their ties, particularly in the economic sphere. This was noted today during the first round of talks held by a Turkish parliamentary delegation and a delegation of the Assembly of Yugoslavia which is on a two-day official visit to Turkey. During their stay in Ankara, the Yugoslav delegation will also meet with vice president of the Turkish Parliament Shefket Bilking, as well as senior government and Foreign Ministry officials. [Text] [Belgrade TANJUG in English 1947 GMT 16 Mar 87 LD] /6662

FOREIGN TRADE SECRETARY TO SWEDEN--Belgrade, 9 Mar (TANJUG)--Nenad Krekic, member of the Federal Executive Council and federal secretary for foreign trade, left Belgrade this evening at the head of a Yugoslav trade delegation for a 2-day visit to Sweden. With the Swedish Foreign Trade Minister Mrs Anita Cradin and local businessman Krekic will discuss the ways of advancing bilateral economic relations. [Text] [Belgrade TANJUG Domestic Service in Serbo-Croatian 1723 GMT 9 Mar 87 LD] /6662

NEW AMBASSADOR TO KUWAIT--Sinan Hasani, president of the SFRY Presidency, yesterday received Hasan Dervisbegovic, the newly appointed ambassador extraordinary and plenipotentiary of the SFRY to Kuwait, before his departure for his new tour of duty. [Text] [Belgrade BORBA in Serbo-Croatian 7-8 Mar 87 p 7 AU] /6662

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